

**Item 1: Cover Page**

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**Part 2A of Form ADV  
(the “Brochure”)**

November 17, 2021

This Brochure provides information about the qualifications and business practices of GPB Capital Holdings, LLC (“GPB”). If you have any questions about the contents of this Brochure, or to request a current copy of it free of charge, please contact our Investor Relations Team at [info@gpb-cap.com](mailto:info@gpb-cap.com). 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 GPB also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

GPB is a registered investment adviser. Registration with the SEC or any state securities authority does not imply any specific level of skill or training.

## Item 2: Material Changes

This Brochure includes certain changes from the most recent annual amendment to the Brochure, dated June 11, 2021, to reflect the following updates, which may be deemed material:

Item 4: “Advisory Business” was updated to disclose that on September 12, 2021, GPB Automotive Portfolio, LP (an investment advisory client and Partnership (as defined below) managed by GPB) and certain affiliates entered into a Purchase Agreement for the sale of substantially all their automotive assets to Group 1 Automotive, Inc (the “Purchaser”). The subsidiaries of GPB Automotive involved include Capstone Automotive Group, LLC, a Delaware limited liability company, Automile Parent holdings, LLC, a Delaware limited liability company, Automile TY Holdings, LLC, a Delaware limited liability company, and Prime Real Estate Holdings, LLC, a Delaware limited liability company (the “Selling Entities”). The Selling Entities have agreed to sell substantially all of the assets or equity of the Selling Entities, including, but not limited to the Selling Entities’ real property, vehicles, parts and accessories, goodwill, permits, intellectual property and substantially all contracts, that relate to their automotive dealership and collision center businesses, and excluding certain assets such as cash and certain receivables (collectively, the “Transaction”). The Selling Entities expect to receive an aggregate purchase price of approximately \$880 million in cash, subject to certain customary adjustments described in the Purchase Agreement. The closing of the Transaction is subject to various closing conditions, and there is no guarantee the Transaction will close. The Transaction is scheduled to close no later than the 75<sup>th</sup> day after the date of the Purchase Agreement, provided that the closing conditions are satisfied or waived.

Item 8: “Methods of Analysis and Investment Strategies – General Risks” was updated to reflect the Small Business Administration’s forgiveness of the Paycheck Protection Program loan (the “PPP Loan”) received by GPB.

Item 8 was further updated with respect to “Debt Associated with Auto Portfolio Companies” to reflect the potential Transaction.

Item 8 was further updated with respect to “The Coronavirus Aid Relief & Economic Security Act (the “CARES Act”),” to reflect the status of the dispute with Signature Bank arising from Signature Bank’s withdrawal of funds from GPB’s Signature Bank account.

Item 9: “Disciplinary Information” was updated to bring current the GPB-related enforcement proceedings, which include the criminal action (the “Indictment”) in the Eastern District of New York (the “EDNY”) against David Gentile, Jeffery Schneider and Jeffrey Lash (the “Indicted Individuals”) a civil action against GPB and the Indicted Individuals brought by the SEC (the “SEC Complaint”) in the EDNY; an action brought against GPB and the Indicted Individuals by the New York State Attorney General in the Supreme Court of the State of New York, New York County (the “New York Complaint”); and similar enforcement proceedings brought in Alabama, Georgia, Illinois, Massachusetts, Missouri, New Jersey and South Carolina (the similar state proceedings are referred to herein as the “Other State Complaints,” and together with the Indictment, the SEC Complaint, and the New York Complaint, the “Proceedings”).

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### Item 4: Advisory Business

GPB Capital Holdings, LLC, a Delaware limited liability company (“GPB”), is a New York-based middle- market acquisition and operations firm with a management team of experienced financial, management and accounting professionals with private investment and acquisitions experience. GPB was formed in March 2013 and is owned by David Gentile. Mr. Gentile has stepped down from his executive positions at GPB and its affiliates and therefore no longer has decision making authority, day-to-day management authority or responsibility for GPB, any Partnership or any Portfolio Company (as defined below).

GPB or an affiliate thereof serves as general partner, special limited partner and/or manager for eight partnerships. The partnerships either (i) do not meet the definition of an “investment company” under the Investment Company Act of 1940, as amended (the “1940 Act”) (such partnerships referred to herein as “Companies”) or (ii) qualify for an exemption under the 1940 Act as “Private Funds,” and are therefore not registered under the 1940 Act (such Companies and Private Funds referred to herein together as “Partnerships”). The interests (“Interests”) in the Companies and Private Funds are not registered under the Securities Act of 1933, as amended (the “1933 Act”).

GPB manages the eight Partnerships, providing investment advisory services to the two Partnerships that are Private Funds under the 1940 Act, and other advisory services to the six Companies that are not investment companies under the 1940 Act.

The principal purposes of most of the Partnerships are (i) to acquire controlling majority (and in many cases, wholly owned) interests, whether equity, debt or otherwise, in income-producing, middle-market private companies in North America; (ii) to provide hands-on managerial and operational assistance to such

companies; and (iii) to further develop operations of such companies and increase cash flow and current income from operations. The Partnerships generally focus on (i) acquisitions of companies with strong management, earnings and market positions in sectors, including, but not limited to, automotive retail, waste management, technology enabled services, energy, healthcare, and real estate; and (ii) purchasing senior secured notes of (or otherwise make loans to) small and medium-size businesses primarily in North America (the foregoing businesses acquired by Partnerships are collectively referred to herein as the “Portfolio Companies”). Pursuant to the Transaction, the Selling Entities are expected to sell substantially all of their automotive retail assets.

The Partnerships that are Private Funds are currently feeder vehicles designed to meet the needs of certain U.S. tax-exempt investors and a financing vehicle designed to both (a) meet the needs of non-U.S. investors, and (b) provide additional capital availability through a loan and credit facility to certain Partnerships’ automotive retail acquisition and operational activities.

GPB, on behalf of the Partnerships, typically seeks to acquire Portfolio Companies with strong management teams and to provide such Portfolio Companies the strategic planning, managerial insight and capital needed to enable them to achieve the next stage of development and profitability. In turn, GPB attempts to provide the investors in the Partnerships (the “Investors”) the potential for distributions and long-term returns.

As a result of the Proceedings, it is currently anticipated that the Partnerships’ acquisition and financing activities may be reduced. On February 11, 2021, the EDNY ordered the appointment of Joseph T. Gardemal III, Managing Director of Alvarez & Marsal, as independent monitor (“Monitor”). As long as the Monitor shall be in place, any material acquisition and financing activities will be permitted only with the approval of the Monitor.

As a result of the Proceedings and the appointment of the Monitor, GPB, the Partnerships and the Portfolio Companies are incurring significant legal and other costs. These costs could have a material adverse impact on the companies.

The services are provided by GPB to the Partnerships in accordance with a Partnership’s governing documents whereby GPB serves as the Partnership’s general partner. Investment restrictions for a Partnership, if any, are generally established in the governing or offering documents of the applicable Partnership and/or side letter agreements negotiated with Investors in the applicable Partnership (such documents collectively, a Partnership’s “Offering Documents”). Accordingly, investment advice is provided directly to the Partnerships, subject to the discretion and control of the applicable general partner (if not GPB), and not individually to the Investors in the Partnerships.

Highline Management, Inc. (“Highline”) was formed in January 2020 to assume certain day-to-day duties and responsibilities of GPB with respect to the management of the business affairs, operations and financial reporting of the Partnerships. The services provided to the Partnerships by Highline include accounting, financial reporting and management consulting services to administer, manage, direct and oversee the day-to-day business affairs, operations and financial reporting of such companies. Highline provides such services pursuant to a Management Services Agreement. As an Operations Support Provider (as defined below) Highline is paid an operation service provider fee for services provided to the Partnership subject to the Highline Board’s approval, following Highline’s delivery of the annual written budget to GPB detailing the fees, costs and expenses that will be incurred by Highline in providing its services.

GPB manages eight Partnerships. For six of those Partnerships the majority of assets are Portfolio Companies, the value of which GPB does not count as regulatory assets under management (“RAUM”)

for purposes of GPB's Form ADV. GPB's RAUM only includes the assets of Private Funds. The other two Partnerships managed by GPB are Private Funds that hold an estimated \$15,562,910 of assets that do qualify as RAUM. All the assets of the Partnerships are managed on a discretionary basis.

**A LARGE PORTION** OF THE ASSETS MANAGED BY GPB ARE HELD BY THE PARTNERSHIPS THAT ARE NOT PRIVATE FUNDS, AND RAUM IS NOT INDICATIVE OF GPB'S TOTAL ASSETS

UNDER MANAGEMENT ("AUM"). Therefore, GPB's RAUM does not include all assets of certain of the Partnerships, which are holding companies (i) excluded from the definition of "investment company" under the 1940 Act; and (ii) that do not hold "securities portfolios" for the purpose of calculating an adviser's RAUM in accordance with GPB's valuation policy and procedures. As such, the RAUM does not reflect the full value of GPB AUM.

RAUM will fluctuate from time to time due to acquisitions and dispositions of assets and Portfolio Company performance. GPB recently retained an internationally recognized valuation firm to perform calculations relative to certain investments to assist in estimating the fair value and assessing goodwill with respect to GPB Holdings II, LP ("H2"). Upon completion of valuation work with respect to H2 and the financial statement audits for the Partnerships beyond the already completed audit for GPB Automotive, GPB will have a better estimate of the full value of GPB's AUM.

On May 14, 2021, GPB Automotive filed its annual Form 10 with audited financial statements which was deemed accepted on August 13, 2021. GPB anticipates having valuations and audited financials for H2 in the near future. GPB is uncertain as to the timing of completed valuation work and audits for the other Partnerships due to the resignation of one auditor and other factors, and there is no guarantee such work will be completed. In the absence of such work and audits GPB's ability to estimate the full value of GPB's AUM will be compromised.

The Form 10 details specific risk factors that Automotive Portfolio could experience as a result of the COVID-19 pandemic, including factors relating to social distancing and shelter in place mandates, which may reduce customer visits to dealerships and thereby affect the level of sales. Pursuant to the Transaction, the Selling Entities are expected to sell substantially all of their automotive retail assets.

As a result of the Proceedings (as further described in Item 9: Disciplinary Information) David Gentile resigned as Manager and Chief Executive Officer of GPB on February 5, 2021, and Robert Chmiel was appointed Manager and Interim Chief Executive Officer of GPB effective February 5, 2021. On July 1, 2021, Mr. Chmiel was appointed GPB's Chief Executive Officer.

*Phoenix American Financial Services Inc. Matter.* On February 5, 2021, third party service provider and fund administrator Phoenix American Financial Services, Inc. ("Phoenix") provided GPB with notice of its intent to scale back administrative services and transmission of communications to Investors. Subsequently, however, Phoenix has continued to provide all administrative services to GPB with the exception of certain phone support services. Phoenix oversees the posting and transmission of Investor communications and assists GPB in transferring and issuing broker dealer commissions with respect to sales of Interests in the Partnerships. These services are important for GPB as they allow GPB to communicate material information to Investors and perform ministerial functions. Despite its notice Phoenix has been cooperating with GPB to continue providing the administrative services noted, and GPB currently understands that Phoenix will continue to provide such services through upcoming periods. If Phoenix were to reverse its current posture and suspend or terminate services, any such suspension or termination could have a negative impact on GPB, the Partnerships and the Portfolio Companies.

*DTCC and NSCC Matter.* On February 9, 2021, GPB received a notice from the Depository Trust &

Clearing Corporation (the “DTCC”) and its subsidiary National Securities Clearing Corporation (the “NSCC”) requesting that GPB retire its Alternative Investment Product (“AIP”) membership and cease to use its DTCC and NSCC accounts. GPB utilizes the AIP services in conjunction with Phoenix to transmit position

data to Investors and account custodians. These services are important for GPB because they allow GPB to transmit information required to populate Investor account statements. On February 10, 2021, the DTCC and NSCC issued a Notice of Cease to Act, suspending GPB from access to NSCC’s AIP services and facilities. The NSCC based its suspension of GPB’s AIP account on NSCC Rule 46. GPB filed a Notice of Appeal and Request for Hearing with the DTCC on February 12, 2021 and submitted an Appeal on February 18, 2021. A hearing has yet to be scheduled. Any suspension or termination of AIP services could have a negative impact on GPB, the Partnerships and the Portfolio Companies.

On May 24, 2021, the NSCC acknowledged that given the Monitor’s continuing involvement in the audit and valuation process, together with the anticipated completion of the Partnership audits and valuations, the NSCC will revisit the issue of the reinstatement of GPB’s AIP membership once the audits and valuations are available. GPB’s request for a hearing on the termination of its AIP membership and access to NSCC facilities will be held in abeyance, without prejudice, until at least November 15, 2021.

*Line of Credit to Investment Advisory Firm.* Mr. Gentile issued a \$400,000 line of credit to an investment advisory services firm that had placed Interests in certain of the Partnerships with Investors pursuant to a Loan and Security Agreement and a Line of Credit, both dated December 29, 2020 (the “LOC Agreements”). Neither GPB, any Partnerships nor any Portfolio Companies has any obligation under the LOC Agreements.

On September 13, 2021, GPB Automotive Portfolio, LP (“GPB Automotive”) (an investment advisory client and Partnership managed by GPB) and certain affiliates entered into the Purchase Agreement for the sale of substantially all their automotive assets to Group 1 Automotive, Inc (the “Purchaser”). The subsidiaries of GPB Automotive involved include Capstone Automotive Group, LLC, a Delaware limited liability company, Automile Parent holdings, LLC, a Delaware limited liability company, Automile TY Holdings, LLC, a Delaware limited liability company, and Prime Real Estate Holdings, LLC, a Delaware limited liability company (the “Selling Entities”). The Selling Entities have agreed to sell substantially all of the assets or equity of the Selling Entities, including, but not limited to the Selling Entities’ real property, vehicles, parts and accessories, goodwill, permits, intellectual property and substantially all contracts, that relate to their automotive dealership and collision center businesses, and excluding certain assets such as cash and certain receivables (collectively, the “Transaction”). The Selling Entities expect to receive an aggregate purchase price of approximately \$880 million in cash, subject to certain customary adjustments described in the Purchase Agreement (the “Purchase Price”).

At the closing of the Transaction, \$45 million of the Purchase Price will be deposited into escrow as a contingent reserve to be used, if necessary, to compensate the Purchaser for any post-closing indemnifiable losses pursuant to the terms of the Purchase Agreement, with 50% to be released to the Selling Entities 12 months after the closing of the Transaction and the remainder to be released to the Selling Entities 24 months after the closing of the Transaction, subject to pending claims, if any. The Purchase Agreement contains customary representations and warranties made by each of the parties, and the Selling Entities and the Purchaser have agreed to indemnify one another against certain damages, subject to certain exceptions and limitations.

The closing of the Transaction is subject to various closing conditions, such as receipt of approval or expiration of the waiting period required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the approval of the court-appointed monitor overseeing GPB. There is no guarantee the Transaction will close. The closing of the Transaction is not conditioned upon the Purchaser’s ability to

obtain financing. The Purchase Agreement also contains certain termination rights of the Purchaser and the Selling Entities. The Transaction is expected to close no later than the 75<sup>th</sup> day after the date of the Purchase Agreement, provided that the closing conditions are satisfied or waived.

## **Item 5: Fees and Compensation**

### **Managerial Assistance Fees**

GPB is entitled to receive managerial assistance fees and performance-based allocations as described in the Partnerships' Offering Documents. The managerial assistance fees are typically deducted from the Partnerships' assets quarterly in advance. The managerial assistance fees are charged at an annual rate not to exceed 2% per annum of the Investors' capital contributions to a Partnership. The performance-based allocations are discussed below in Item 6.

GPB, in its sole discretion, may defer, reduce or waive all or a portion of the managerial assistance fee with respect to certain Investors, and in particular intends to waive the managerial assistance fee with respect to the general partner of a Partnership and its affiliates who invest in the Partnership, which may include employees of GPB, their relatives and certain other Investors.

### **Managerial Assistance Fee Assignment**

As provided in the Offering Documents of the Partnerships, GPB from time to time had assigned all or a portion of its managerial assistance fees to properly licensed third parties (where licensing is required) for services in connection with the offering of Interests, including placement agents that are members of the Financial Industry Regulatory Authority, Inc. ("FINRA") or their local equivalent, or investment advisers (collectively, the "Selling Group"), such as to Ascendant Alternative Strategies, LLC ("AAS"), an affiliate of GPB. AAS has withdrawn as a broker-dealer and will no longer provide any broker-dealer services to any parties.

GPB has retained other third parties for other services not limited to placement agency activities, including Ascendant Capital, LLC ("Ascendant Capital"), which has provided investor communications services to GPB and the Partnerships. GPB has, however, terminated its Services Agreement with Ascendant Capital and Ascendant Capital is thereby no longer providing services to GPB and the Partnerships.

AAS and Ascendant Capital directly and indirectly received reimbursements and other compensation from GPB, the Partnerships and certain Portfolio Companies for services rendered to such entities. David Gentile, GPB's owner, is an indirect minority owner of AAS (but not Ascendant Capital). Mr. Gentile is not actively involved in the day-to-day operations of AAS.

Due to the Proceedings, it is not currently anticipated that any Interests will be sold.

### **Brokerage Fees & Commissions/Selling Fees**

As provided for in the Offering Documents of the Partnerships, in circumstances where the sale of Interests was recommended by a third-party broker-dealer to its customer, a portion of the proceeds from the sale of Interests were used to pay brokerage fees and commissions to members of the Selling Group, including but not limited to certain officers and employees of AAS, which generally included selling commissions, due diligence fees, placement and marketing support fees, and wholesaling fees (collectively, "Selling Fees"). GPB (or the general partner of a Partnership, as applicable) typically reserved the right to pay Selling Fees on behalf of a Partnership that are less than the respective rates set forth in the applicable Offering Documents, as long as aggregate Selling Fees did not exceed a maximum percentage set forth in a Partnership's Offering Documents. Aggregate Selling Fees are typically capped at 11% to 11.75% of

contributions. Such Selling Fees are in addition to, and not in lieu of, the managerial assistance fees charged to Investors. GPB (or the general partner of a Partnership, as applicable) may, and has, permitted certain Investors to purchase Interests with lower or no Selling Fees. In addition, in certain circumstances, Portfolio Companies had used the services of AAS and other third-party brokers for the purpose of selling interests in equity, debt or convertible notes, warrants or any combination thereof.

Investors should carefully review this Brochure generally for discussions of various conflicts of interest.

### **Annual Servicing Fee**

As provided for in the Offering Documents of the Partnerships, with respect to certain other Investors, in circumstances where the sale of Interests is recommended by a third-party investment adviser to its client, the Partnerships previously paid broker-dealers, certain employees, officers and directors of AAS, or other properly licensed persons (where licensing is required) an annual servicing fee equal to a fixed percentage of all capital contributions attributable to any such Investors, which was initially payable upon an Investor's subscription for Interests in a Partnership and paid annually for so long as such Investor holds an Interest in such Partnership (collectively, "Servicing Fees"). Servicing Fees, however, are no longer being paid.

### **Acquisition Fee**

Further, in accordance with the Offering Documents of certain Partnerships, upon the consummation of any acquisition of a Portfolio Company, a Partnership will pay qualified third parties (other than persons holding an interest in the Portfolio Company) an acquisition fee based on a percentage of the total acquisition cost of the Portfolio Company (an "Acquisition Fee"). Acquisition Fees have been paid in consideration of services provided in the offering of Interests in the Partnership, including, but not limited to, identifying, structuring and providing GPB with advice on its acquisitions or for assisting with the Partnership's capital raising efforts. Such Acquisition Fee is in addition to, and not in lieu of, other fees and expenses (including without limitation the managerial assistance fees) charged to Investors. In the past, the Partnerships have paid such Acquisition Fees to (i) AAS, the Partnerships' prior managing broker-dealer, (ii) Axiom Capital Management, LLC and (iii) GPB, and have previously, and may in the future, identify other third parties for which GPB determines transaction-based compensation would be appropriate. Additionally, other transaction-based compensation has been, and may in the future, be paid to third parties in connection with deal finding or brokerage activities, in addition to, and not in lieu of, other fees and expenses (including without limitation the managerial assistance fees and Acquisition Fee described in this paragraph). GPB, in its sole discretion, may defer, reduce or waive the Acquisition Fee with respect to one or more Investors (and intends to waive the Acquisition Fee with respect to the general partner of a Partnership and its affiliates who invest in the Partnership).

### **Partnership Operating Expenses**

In addition, as set forth in the Offering Documents, a Partnership will pay all costs, expenses and charges incurred with respect to the ownership, operation and maintenance of the Partnerships and their respective assets, as determined by GPB, which includes the following expenses (but does not include the Organizational Expenses): (A) (i) all fees and expenses incurred (including but not limited to any such fees or expenses of or previously paid to AAS and/or Ascendant Capital) in connection with: (a) the origination, evaluation (including industry analyses and evaluations), investigation, structuring, acquisition, or disposition of Partnership assets, including appraisal fees, taxes, brokerage fees (including, but not limited to, the Acquisition Fee and finder's fees), underwriting commissions and discounts, legal, accounting, investment banking, consulting, information services, professional fees and financing fees (including the repayment of those financings and the costs related to establishing and maintaining a credit facility for a Partnership) and investment related travel; (b) the carrying or management of the Partnerships' assets; (c) communications with partners; (d) any restructuring or amendments to the



constituent documents of a Partnership, the general partner (if applicable) and related entities and any subsidiary or other entity owned by a Partnership; (e) distributions to partners; (f) In-House Services (as defined below); and (g) Operations Expenses (as defined below); (ii) attorneys' and accountants' fees and expenses; (iii) taxes (including margin taxes) and other governmental charges levied against a Partnership; and (iv) indemnifiable insurance, regulatory or litigation expenses (and damages) of the general partner and other persons or entities indemnified under the Partnership's governing documents; (B) managerial assistance fees; (C) all fees and expenses incurred in connection with meetings of the limited partners; (D) all fees and expenses incurred in connection with the registration, qualification or exemption of a Partnership under any applicable Federal, state, or local law and all other fees and expenses imposed by any governmental authority with respect to a Partnership's operations or assets; (E) all fees and expenses relating to the preparation of financial statements of the Partnership, the local, state and federal income, franchise, margin and other tax returns of the Partnership, other regulatory reports and filings of the Partnership, and all other documents, opinions, appraisals and reports delivered to the Investors; (F) all fees and expenses incurred in connection with any litigation, mediation, arbitration or other legal or tax proceeding involving the Partnership (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith; (G) all fees and expenses incurred in connection with the collection of amounts due to the Partnership; (H) all fees and expenses incurred in connection with the winding-up, dissolution and liquidation of the Partnership; (I) all fees and expenses incurred in connection with transactions that are allocated to the Partnership but not consummated; (J) all insurance costs and expenses, and all costs and expenses incurred in connection with taxes (including margin taxes) and other governmental charges levied against the Partnership; any obligations to provide indemnification or contribution to any persons or entities indemnified pursuant to the Partnership's governing documents, pursuant to any approval of the Investors or as a matter of law).

As set forth in each Partnership's Offering Documents, each Partnership pays, or reimburses the appropriate party for, all of the costs and expenses incurred by such Partnership, GPB, GPB's affiliates and third parties in connection with such Partnership's offering and organization. Such costs and expenses borne by the Partnerships include all legal, accounting, consulting and other professional fees and expenses and all other costs and expenses (including travel and entertainment expenses relating to capital raising efforts) actually incurred in connection with the relevant Partnership's offering and organization (collectively, "Organizational Expenses"). Notwithstanding the foregoing, Organizational Expenses borne by the Partnerships are typically capped at 1.25% to 1.5% of the gross proceeds received by (or expected to be received by) the Partnership from the offering of Interests.

GPB is also responsible for its and its affiliates' general and administrative costs and expenses and its day-to-day overhead expenses of managing the Partnerships and is not entitled to be reimbursed by the Partnerships for such expenses other than for the portion of the total compensation of the general partner's or its affiliates' (including, previously, AAS and Ascendant Capital's) officers and employees relating to the time such officers or employees provide "In-House Services" or "Operations Support Services", both as described below, to the Partnerships or their respective Portfolio Companies. Such expenses are in addition to, and not in lieu of, the managerial assistance fee. "In-House Services" include, but are not limited to, an allocation including the total compensation costs for accounting, legal, compliance, IT, HR, investor relations, operational, administrative and management services to the Partnerships or their Portfolio Companies. For the avoidance of doubt, any such fees or expenses previously paid to AAS or Ascendant Capital did not otherwise reduce any fees or expenses payable to GPB.

In addition, GPB, the Partnerships or their Portfolio Companies will from time-to-time retain and compensate companies and individuals ("Operations Support Providers"), which include Highline and other affiliates and employees of GPB, and third-party consultants and advisors. Highline is an Operations Support Provider for which it receives compensation for its services from, either directly or indirectly, GPB, the Partnerships and the Portfolio Companies. The Operations Support Providers provide operational

support and consulting services and similar services to, or in connection with, the identification, acquisition, holding and improvement of such Portfolio Companies (“Operations Support Services”). These services are high level insight or extensive day-to-day roles, and include support to GPB, subsidiary entities the Partnerships use to hold their Portfolio Company acquisitions (the “Holding Companies”), or Portfolio Companies regarding, among other things, the company’s management and operations (including serving in management positions or participating in determining corporate strategy), a Portfolio Company’s 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), information technology, corporate communications, customer service, sustainability, 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.

While the nature of services provided by an Operations Support Provider will vary significantly, service on Portfolio Company boards of managers and similar roles are undertaken by personnel of GPB and or its affiliates. For serving as a member on any Portfolio Company board of managers, certain employees of GPB and or its affiliates had previously been entitled to receive compensation in the form of board member fees and board member incentive compensation. Any such fees and compensation paid to the board members were commensurate with standard arms-length rates. However, C-level personnel of GPB and or its affiliates who served on the boards of managers of any Portfolio Companies will not be entitled to receive any compensation for such services, except to the extent certain C-level personnel (i) provide personal guarantees backstopping certain Portfolio Company obligations, in which case these C-level personnel receive compensation for such guarantees in amounts that GPB believes are fair and reasonable and / or (ii) receive compensation or other remuneration in connection with the provision of Operations Support Services for other Operations Support Services activities described in the paragraph above. These payments or reimbursements are in addition to, and not in lieu of, the managerial assistance fee. At present employees of GPB, and its affiliates and or service providers who serve on boards of Portfolio Companies are not being compensated.

Fees and expenses associated with Operations Support Services (“Operations Expenses”) are generally paid and/or reimbursed by the Partnerships but may be paid or reimbursed by the relevant Portfolio Company. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider, including employees of GPB, its affiliates and service providers) and will be determined at the discretion of GPB taking into account the particular Operations Support Services, and includes an annual fee or retainer, a discretionary bonus, a profits or equity interest in a Portfolio Company or subsidiary holding company or other incentive-based compensation to the Operations Support Provider as well as any expenses incurred with respect to recruiting and hiring Operations Support Providers. Highline, however, receives compensation only in the form of cash payments. Operations Expenses will include the compensation of certain employees of GPB, its affiliates and or service providers relating to the time such employees provide Operations Support Services, although the amount of such compensation is currently minimal. The determination of whether a service is an Operations Support Service will be made by GPB, in its sole discretion. Operations Expenses will, from time to time, also be incurred in respect of Portfolio Companies prior to the closing of the investment. To the extent any such Operations Expenses are payable to any Operations Support Provider that is affiliated with or employed by GPB, such Operations Expenses will not reduce any fees otherwise payable to GPB. These payments or reimbursements are in addition to, and not in lieu of, the managerial assistance fee. GPB’s determination 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 will be binding on a Partnership and its Investors.

In the event that one or more Operations Support Providers (directly or indirectly) is providing services with respect to multiple Partnerships, such Operations Expenses will be allocated among the Partnerships as

determined by GPB in a fair and equitable manner. In exercising discretion to allocate Operations Expenses to the Partnerships, GPB, its affiliates, service providers and their employees are faced with a variety of potential conflicts of interest. For example, in allocating Operations Expenses among Partnerships, GPB, and its affiliates and or service providers have an incentive to allocate Operations Expenses to Partnerships in such a way as to maximize GPB's potential performance-based allocations. To the extent not allocated to a single Partnership or single Portfolio Company, GPB will typically allocate Operations Expenses related to employee compensation pro rata based on time such employees provide Operations Support Services to any such Partnerships and/or Portfolio Companies. To determine the time spent, GPB collects and reviews certifications provided by GPB employees. GPB and GPB employees may be incentivized to allocate employee compensation to underperforming Partnerships and/or Portfolio Companies in order maximize any performance-based allocations or profit interest plans. In an effort to reduce such conflicts, employee time sheet certifications are collected and reviewed by GPB's CFO and/or senior personnel from GPB's accounting and finance departments. To the extent any such Operations Expenses are payable to any Operations Support Provider that is (or is not) affiliated with or employed by GPB, such Operations Expenses will not reduce any fees otherwise payable to GPB. All the above payments or reimbursements are in addition to, and not in lieu of, the managerial assistance fee. GPB's determination 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 Partnerships and Investors.

### **Conflict of Interest**

In exercising its discretion to allocate opportunities and fees and expenses, GPB is faced with a variety of potential conflicts of interest.

*Allocation of Investment Opportunities.* The strategies of the Partnerships from time to time overlap with each other. If a potential Portfolio Company acquisition fits the acquisition objective of more than one Partnership, the Acquisition Committee of GPB will allocate opportunities in good faith and on a basis believed to be fair and equitable, and no Partnership shall receive preferential treatment over another. In order to ensure all Portfolio Company acquisitions are allocated fairly, the Acquisition Committee will consider the Partnership's specific circumstances and adhere to GPB's "Allocation Policy."

In allocating an opportunity among Partnerships with differing fees, expenses and compensation structures, GPB has an incentive to allocate opportunities to the Partnerships from which GPB or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit. To the extent not allocated to a Portfolio Company, GPB will allocate fees and expenses incurred in the course of evaluating and making acquisitions that are consummated between the Partnerships in accordance with each Partnership's Offering Documents or, to the extent not addressed in such Offering Documents, pro rata based on the respective total capital commitments of such Partnerships. The appropriate allocation between Partnerships, Investors and third parties of expenses and fees generated in the course of evaluating potential acquisitions which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by GPB and its affiliates in their good faith discretion, consistent with the Offering Documents of the Partnerships, as applicable. If multiple Partnerships evaluate a potential acquisition that is not consummated, GPB generally allocates fees and expenses generated in the course of evaluating such acquisition among such Partnerships based on the anticipated acquisition of each Partnership. There may be occasions when one Partnership (the "Payor Company") pays an expense common to multiple Partnerships (the "Allocated Companies") (e.g., legal expenses for a transaction in which all such Partnerships participate). On such occasions, each Allocated Company will reimburse the Payor Company for its share of such expense, without interest, promptly after the payment is made by the Payor Company. While not anticipated, it is possible that an Allocated Company could default on its obligation to reimburse the Payor Company. With respect to allocating other expenses among Partnerships, co-investment vehicles, Investors and/or third parties, as appropriate, to the extent not addressed in the

Offering Documents, GPB will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. GPB will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

The members and/or partners and principals and affiliates of GPB may have conflicts of interest in allocating their time and activity between the Partnerships and other clients, in allocating investments among Partnerships and other clients, and in effecting transactions for the Partnerships and other clients, including ones in which a Partnership may have a greater financial interest.

Investors should review the applicable Offering Documents carefully for a discussion of all fees and expenses applicable to their investment.

Upon termination of the applicable Managerial Services Agreement of a Partnership, managerial assistance fees that have been prepaid will be returned on a prorated basis.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

With respect to each Partnership, a portion of the profits, if any, of each such Partnership will be distributed to certain affiliates of GPB and to other qualified third parties as “carried interest” (the “Carried Interest”). GPB affiliates’ indirect receipt of Carried Interest is intended to align GPB affiliates’ interests with those of the Partnerships. Carried Interest paid by a Partnership is indirectly borne by Investors in such Partnership. The nature of the Carried Interest, however, creates a potential conflict of interest among GPB, its affiliates, its associated persons and the Partnerships. Carried Interest paid by Partnerships usually equals 20% of distributions made by a Partnership after certain return thresholds or hurdles are met.

Depending on a Partnership’s Offering Documents, GPB, in its sole discretion, may, and have, agreed to different fee structures for certain Investors, which may, and have, included employees of GPB, its affiliates, their relatives and certain other Investors.

The payment by some, but not all, Partnerships of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Partnership) may create an incentive for GPB to disproportionately allocate time, services or functions to Partnerships paying Carried Interest or Partnerships paying Carried Interest at a higher rate or allocate investment opportunities to such Partnerships. See “Allocation of Investment Opportunities” in Item 8 below and refer to GPB’s “Allocation Policy” for additional information on how these conflicts are addressed.

Fees and Carried Interest may differ between the Partnerships and each Investor must review the relevant Partnership’s Offering Documents carefully for a list of the actual Carried Interest, fees and expenses payable by such Partnership.

#### **Item 7: Types of Clients**

Currently, GPB’s only clients are the Partnership, however GPB may add future clients, including but not limited to, new partnerships, separately managed accounts or other non-partnership clients. Partnership Investors include, but are not limited to, individuals, trusts and public and private entities such as endowments, retirement funds and government agencies. Investors must meet the eligibility requirements associated with each Partnership (which generally require Investors to be “accredited investors,” as such term is defined in the federal securities laws). The minimum investment by an Investor is set out in the relevant Partnership’s Offering Documents. GPB (or its affiliates as applicable) typically reserve the right to reduce or waive minimum investment thresholds at its sole discretion, and have in the past, and may in the future, agree to reduce or waive minimum investment thresholds.

## Item 8: Methods of Analysis, Investment Strategies and Risks

### Methods of Analysis and Investment Strategies

For a discussion of the strategies and methods of analysis employed by GPB on behalf of the Partnerships, please refer to Item 4 above and the Offering Documents of each Partnership.

### Risks

Each Partnership has its own specific risks, but the following are risks that are generally associated with the types of investments the Partnerships may make. The list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in a Partnership investment. Each Investor and prospective Investor must review the relevant Partnership's Offering Documents carefully for a comprehensive list of a Partnership's risks and conflicts. Investing in the Partnerships involves a high risk of loss that Investors should be prepared to bear. Investors may lose some or all of their initial investment.

### General Risks

*An investment in a Partnership involves risks and uncertainties.* Investors should carefully consider the following risk factors in conjunction with other information contained within the Offering Documents of the Partnership. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also harm our operations and performance of the Partnerships. In addition to the risk factors listed below, Investors and prospective Investors should also consider the risks described under "Certain Tax, ERISA & Regulatory Matters" contained within the respective Offering Memorandums of the Partnerships. In addition, there will be occasions when GPB and its affiliates may encounter potential conflicts of interest in connection with investments.

*Past Performance is Not Indicative of Future Results.* The prior performance of Partnerships is not indicative of any expected future results. Investment in the Partnerships involve significant risks. There can be no assurance that any Partnership or Portfolio Company will meet its objectives, or that an Investor will receive a return of all or any portion of its capital.

*Risks Associated with Portfolio Companies.* Identifying and participating in attractive acquisition opportunities and assisting in the building of successful enterprises are difficult tasks. There can be no assurance that any particular Portfolio Company will be profitable and there is a risk that any particular Portfolio Company's expenses will exceed its income and gains. Any return on investment to the Partnerships will depend on the ability of the Portfolio Companies to generate cash flow. The value of each Portfolio Company will depend upon many factors beyond the Partnerships' control. Portfolio Companies may have substantial variations in results from period to period, face intense competition, and experience failures or substantial declines in value. Portfolio Companies may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms or may not be available at all. The Partnerships' capital is limited and may not be adequate to protect the Partnerships from dilution in multiple rounds of financing in connection with the operation of Portfolio Companies.

Even if GPB conducts extensive due diligence on a target business, GPB cannot assure Investors (i) that this diligence will surface all material issues that face a particular Portfolio Company, (ii) that it is possible to uncover all material issues through a customary amount of due diligence, or (iii) that factors outside of the Portfolio Company's and GPB's control will not later arise.

The Partnerships may be forced to write down or write off assets, restructure Portfolio Companies or incur impairment or other charges that could result in losses. Even if GPB's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with preliminary risk analyses. GPB expects that the investigation of each Portfolio Company and the negotiation, drafting and execution of relevant agreements, disclosure documents, and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If GPB determines not to complete a specific acquisition, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if GPB reaches an agreement relating to a specific target business, GPB may fail to consummate the transaction for any number of reasons, including those beyond GPB's control. Any such event will result in a loss of the related costs incurred, which could materially and adversely affect subsequent attempts to locate and acquire another business.

Further risk is present due to Signature Bank's withdrawal of funds from GPB's Signature Bank account (no withdrawals were made from any Partnership account), including \$1,315,320 related to the PPP Loan received by GPB. See "The Coronavirus Aid Relief & Economic Security Act (the "CARES Act")" below for more information. While the Small Business Administration (the "SBA") has forgiven the PPP Loan in full as of October 29, 2021, and it is anticipated that Signature Bank will return the PPP Loan funds, if such funds are not returned, GPB will have fewer cash resources to support the operation of GPB and the Partnerships, and this could have a negative impact on the financial condition of the Partnerships and Portfolio Companies.

*No Participation in Management.* Investors, generally, do not have the opportunity to evaluate the specific merits or risks of any Portfolio Company. Moreover, unless also GPB employees, Investors will not participate in management of the Partnership and are dependent on GPB for management of the relevant Partnership. Investors must rely upon GPB's ability to identify, structure and make acquisitions of companies consistent with the relevant Partnership's objectives and policies. Notwithstanding any prior operating experience or experience that members of the Acquisition Committee or GPB affiliates may have in acquiring and operating the Portfolio Companies, any such prior experience was obtained under different market conditions and under a different organizational structure. There can be no assurance that members of the Acquisition Committee or GPB affiliates will be able to duplicate prior success or that we will achieve any Partnership objectives or achieve positive results of any kind.

*Fees and Expenses.* The Partnerships are obligated to pay fees, and substantial administrative, travel, accounting, tax and legal expenses and certain salaries of employees of GPB regardless of whether the Partnerships realize revenues. Any use of leverage will increase these fees and charges, and the Partnerships will need to make substantial profits to avoid depletion of their assets and provide a return to Investors.

*Competition.* The Partnerships expect to encounter intense competition from other entities making similar acquisitions or investments, including venture capital funds, investment banks, leveraged buyout funds, investment companies, REITS, private equity firms and operating businesses competing for acquisitions. Many of these entities are well established and have extensive experience in identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater technical, human and other resources than the Partnerships do, and the Partnerships' financial resources will be relatively limited when contrasted with those of many of these competitors. While GPB believes that there are numerous potential Portfolio Companies that the Partnerships could acquire with the net proceeds of an offering, the Partnerships' ability to compete in acquiring certain sizable target businesses will be limited by their available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses. Any of the foregoing may place the Partnerships at a competitive disadvantage in successfully negotiating an acquisition.

*Portfolio Company Competition Risks.* The Partnerships expect that their Portfolio Companies will compete with other companies in their respective businesses. The Partnerships expect to focus on industries that are rapidly evolving and may become more competitive. While the Partnerships believe acquisitions in these areas offer the opportunity for current yield through strong cash flows that may increase over time, such acquisitions also involve a high degree of risk. As is typical in rapidly evolving industries, demand and market acceptance for new products and services are subject to a high degree of uncertainty. In addition, while many companies in these sectors have grown or have the potential to grow, there is no guarantee of the same in the future. Portfolio Companies may have histories of net losses and may continue to have net losses for years after acquisition by a Partnership. There can be no assurance that the Partnerships will be able to make acquisitions on attractive terms or operate Portfolio Companies profitably. To the extent the Partnerships consummate acquisitions, they may be affected by numerous risks inherent in the businesses acquired. For example, if the Partnerships purchase a financially unstable business or an entity lacking an established record of sales or earnings, the Partnerships will be affected by the risks inherent in the business and operations of a financially unstable or a development stage entity. Although GPB endeavors to evaluate the risks inherent in a particular target business, the Partnerships cannot assure Investors that GPB will properly ascertain or assess all of the significant risk factors or that the Partnerships will have adequate time to complete due diligence. Furthermore, some of these risks may be outside of the Partnerships' control and leave the Partnerships with no ability to control or reduce the chances that those risks will adversely impact a Portfolio Company.

*No Assurance of Confidentiality.* As part of the subscription process and otherwise in their capacity as limited partners, Investors will provide significant amounts of information about themselves to GPB and/or the relevant general partner and Partnership. Under the terms of the governing documents of each Partnership as well as applicable laws, such information may be made available to other limited partners, third parties that have dealings with the Partnerships and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps to mitigate the impact upon them of such disclosures (such as by investing in the Partnerships through an intermediary entity). GPB will endeavor to take all reasonable steps under the law and within its obligations described herein to maintain confidentiality.

*Reputational Risks.* Due to the Proceedings, the Partnerships have and may continue to experience loss of certain service providers who have either resigned or suspended provision of services due to concern over reputational impact in the public domain and the Proceedings. GPB has and will continue to move quickly to replace or satisfy service provider requirements for the purpose of continuity of service, however, there can be no guarantee that GPB will be successful in replacing service providers that terminate services. In addition, reputational risk concerns and loss of service providers have impacted cash liquidity of certain of the Partnerships and Portfolio Companies and our ability to access capital to meet liquidity needs, including the suspension of GPB's ability to access management fees, as well as the Partnerships' ability to access capital and the cost of capital.

GPB has engaged in a buy and build strategy seeking to build value. Accordingly, the Partnerships generally seek to acquire controlling majority (and in many cases, wholly owned) interests, whether equity or otherwise, in income-producing, middle-market private companies in North America; to provide hands-on managerial and operational assistance to such companies; and to further develop the operations of such companies and increase cash flow and current income from operations. Due to the nature and complexity of the building of each Partnership's strategy platforms, unforeseen complications can, and have, arisen in the consolidation of the businesses and thereby delay the completion of audits and other required filings that may, and have, caused delays and substantial increases in audit costs borne by the Partnerships (due in part to the changing of outside auditors of the Partnerships), in completing or filing such documents. While GPB seeks to mitigate and predict where such hindrances may occur, not all delays can be predicted or prevented. GPB will endeavor to take all reasonable steps to mitigate or prevent delays to required filings

and the production and delivery of audited financial statements and similar reporting requirements, but significant delays have, are presently and may in the future, continue to occur. Delays in producing audits and other required filings could constitute a default under existing financing agreements and could make it difficult or unlikely for the Partnerships to obtain financing in the future, which may result in an inability to finance Portfolio Company operations and possible foreclosure on Portfolio Company properties.

*Litigation Risks.* GPB, the Partnerships and the Portfolio Companies are and may be subject to a variety of litigation risks inclusive of the Proceedings. In connection with the Proceedings the Partnerships are expected to advance expenses to, and potentially indemnify, GPB and certain affiliates for legal costs they incur in connection with the Proceedings. The officers, directors and representatives of the Portfolio Companies (which will include Partnership personnel or persons affiliated with GPB) may also be similarly indemnified by the Partnerships. Beyond legal costs incurred in connection with the Proceedings, which are expected to be substantial, the Proceedings may adversely affect the Partnerships and the Portfolio Companies in various ways, including by distracting GPB and its affiliates and by harming relationships among GPB, the Partnerships, the Portfolio Companies, Investors, third party service providers and other parties important to the success of the Portfolio Companies, including, but not limited to, auditors, accountants, valuation experts and banks. In particular, the Proceedings may have a material adverse effect on Partnership and Portfolio Company performance. GPB is incurring significant costs related to the Proceedings as well as from the engagement of the Monitor.

In connection with the disposition of a Portfolio Company, the Partnerships may be required to make representations about the business and financial affairs of the Portfolio Company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. These arrangements may result in contingent liabilities, for which the Partnerships and the Portfolio Companies may establish reserves and escrows. In that regard, distributions (if being made) may be delayed or withheld until such reserve is no longer needed or the escrow period expires. Such liabilities might ultimately have to be funded by Investors to the extent that the Investors have received prior distributions from the Partnerships.

Further risk is present due to Signature Bank's withdrawal of funds from GPB's Signature account (no withdrawals were made from any Partnership accounts), and the litigation that has ensued between GPB and Signature Bank. See "The Coronavirus Aid Relief & Economic Security Act (the "CARES Act")" below for more information. While the SBA has forgiven the PPP Loan in full as of October 29, 2021, and it is anticipated that Signature Bank will return the PPP Loan funds, if such funds are not returned, and GPB incurs related litigation expenses, GPB will have fewer cash resources to support the operations of GPB and the Partnerships, and this could have a negative impact on the financial condition of the Partnerships and Portfolio Companies.

*Limited Access to Information.* Although GPB intends to provide access to material and substantive information concerning the Partnerships, the rights of Investors to information regarding the Partnerships and the Portfolio Companies will be limited—even if the Interests are registered under the Securities Exchange Act of 1934 (the "1934 Act") and the Partnerships publicly report thereunder. In particular, GPB will likely obtain certain types of material information that will not be disclosed to Investors. For example, GPB may obtain information regarding Portfolio Companies that is material to determining the value of such assets. Such information available to GPB may be withheld from Investors, however, to comply with duties of confidentiality or other legal restrictions to protect the interests of other parties or the relevant Partnership. Further, all information to be sent to Investors must be approved by the Monitor, and it is possible that information that GPB would otherwise be approved for delivery to Investors would not be so approved by the Monitor. Decisions by GPB or the Monitor to withhold information may have adverse consequences for Investors in a variety of circumstances. For example, an Investor that seeks to sell its Interest in a Partnership may have difficulty in determining an appropriate price for such Interest. Decisions



to withhold information may also make it difficult for Investors to subject GPB to rigorous oversight.

*Exculpation & Indemnification.* Each Partnership's governing documents contain provisions that relieve the general partner, GPB, the tax matters partner or partnership representative, their respective affiliates and employees and other related persons, members of the Acquisition Committee and the relevant Partnership's advisory committee (collectively, the "Indemnified Persons") of liability for certain improper acts or omissions. For example, the Indemnified Persons will not be liable to Investors or the relevant Partnership for acts or omissions that constitute ordinary negligence. Under certain circumstances, the Partnerships may indemnify the Indemnified Persons against liability to third parties resulting from such improper acts or omissions. Furthermore, each general partner entity and GPB are structured as a limited liability company, and the owners of each of the general partner entities and GPB generally will not be personally liable for each such entity's debts and obligations. In consequence, Investors will generally have no recourse to the personal assets of the owners of any general partner entity or GPB even if either entity breaches a duty to Investor or to the relevant Partnership.

*Side Letters.* Subject to the terms of the Partnerships' governing documents, the Partnerships have and may in the future enter into agreements ("Side Letters") with certain prospective or existing Investors whereby such Investors may be subject to terms and conditions (whether economic, procedural or otherwise) that are more advantageous or otherwise different than those set forth in each set of Offering Documents. For example (and without limitation), such agreements may provide for waiver of minimum capital commitments (if any), special rights to additional information about the relevant Partnership (including portfolio information), redemption rights, modification of the managerial assistance fee, Selling Fee, Servicing Fee, Acquisition Fee, Organizational Expenses, or other expenses borne by such Investors, priority co-investment participation rights, consent rights with respect to certain amendments to documents that govern such Investors' rights and obligations and those of the relevant Partnership, the right to transfer an Investor's Interest, the ability to invest in different classes or sub-classes of Interests, the right to disclose certain information to underlying investors or to the public, structuring rights with respect to certain types of investments, indemnification and other obligations under the relevant Partnership's governing documents, and reduced or rebated expenses. Such modifications are made solely at the discretion of the relevant general partner and may, among other things, be based on an Investor's actual or anticipated level of involvement in the GPB's investment and other activities or the size of an Investor's commitment in the relevant Partnership. Such arrangements have not and will generally not be disclosed to some or all other Investors unless otherwise determined by the relevant general partner. The other Investors will have no recourse against the relevant Partnership, the relevant general partner, GPB or their respective affiliates in the event that certain Investors receive additional or different rights or terms pursuant to such side letters. In addition, the Partnerships have and may in the future issue an unlimited amount of Interests and classes of Interests without notice to any Investor, as the relevant general partner may from time-to-time create and issue, with such rights, designations and obligations as the relevant general partner may specify.

*General Acquisition Risks.* The Partnerships' success depends on GPB's ability to implement its acquisition and operational strategy for the Partnerships. Any factor that would make it more difficult to execute timely acquisitions, such as a significant reduction of liquidity in a particular market, or any factor that negatively affects the operational profitability of the Portfolio Companies, may also be detrimental to profitability. No assurance can be given that the Partnerships' strategies will be successful under all or any market conditions.

*No Assurance of Distributions.* The process of identifying, screening and successfully acquiring and operating private companies is difficult and risky. GPB can provide no assurances that the Partnerships will be able to generate cash flow sufficient to make distributions to Investors. There is no guaranty that the Partnerships will pay any particular amount of distributions, if at all, in the future. To the extent that any of the Partnerships do pay distributions to Investors, GPB may subsequently and unilaterally determine to

reduce the size of, or terminate the payment altogether of, any future distributions by any one or more of the Partnerships. Any distributions can be paid out of any available working capital, which includes Investor's invested capital in the Partnership. Amounts that the Partnerships distribute to Investors have in the past accordingly included invested capital and have not been, and may not in the future be, entirely comprised of income generated by the Portfolio Companies. Such a reduction of available working capital reduces the amount of working capital available to acquire and operate Portfolio Companies and make other permitted acquisitions and investments and may also negatively impact the value of Investors' investments in the Partnership, especially when a substantial portion of a Partnership's distributions are paid from Investors' invested capital.

There can be no assurance that the Partnerships will be able to generate sufficient returns to pay their operating expenses and make distributions to their Investors from income generated by the Portfolio Companies, or any distributions at all. The Partnerships' results from operations and their ability to make or sustain distributions to Investors depend on several factors, including the availability of opportunities to acquire attractive assets, the level and volatility of interest rates, the availability of adequate short- and long-term financing, the financial markets and economic conditions. Therefore, Investors may not receive satisfactory distributions on their investment.

*Risks Associated with Auto Portfolio Companies.* Until the closing of the Transaction, which is not guaranteed, the automotive retail business will be subject to certain risks. See Item 4 for detailed information regarding the Purchase Agreement and Transaction. Certain Portfolio Companies are subject to requirements imposed by product manufacturers, which if not adhered to, could result in disputes between the Partnership and the manufacturers. Any such disputes could negatively impact the Partnerships' automobile business. Floor plan finance is a specialized automotive term that refers to the secured financing of the vehicles held for sale at respective dealerships. The availability of floor plan finance for each manufacturer or grouping of stores across manufacturers is of paramount importance for our successful operations. Failure to obtain and maintain such finance will impact our ability to acquire new automotive dealership stores and continue to operate existing stores. Working capital funding is generally a component of the negotiated purchase price of an automotive dealership or group and is funded initially by the Partnership as the buyer. Maintaining the minimum required working capital level at each dealership is essential to remaining in compliance with our dealership obligations. Shortfalls may need to be funded by the Partnership to prevent the revocation of the dealership license from the manufacturers. We have in the past and will in the future obtain mortgage financing on the land for our dealerships. Certain of our properties have usage restrictions on resale and constrain alternative uses in a sale or liquidation. The mortgage financing can often be independent of other manufacturer interests and approvals.

*Risks Associated with Auto Manufacturers and Dealerships owned by Portfolio Companies.* Our dealerships operate under framework, franchise and other related agreements with our manufacturers (or authorized distributors). Without such agreements, our dealerships cannot obtain new vehicles from a manufacturer, receive floorplan and advertising assistance, perform warranty-related services or purchase parts at manufacturer pricing. Accordingly, our dealerships are significantly dependent on relationships with these manufacturers, who exercise a great degree of influence over our operations through the framework, franchise and other related agreements. For instance, manufacturers have to approve all purchases and sales of dealerships. In addition, in specific circumstances, we have granted certain manufacturers the right to acquire our dealerships that are franchised by that manufacturer, and this may lead to negotiations with the manufacturers on valuations of our assets at levels below where we perceive them to be.

Framework, franchise and other related agreements may be terminated or not renewed by the manufacturer for a variety of reasons, including any unapproved changes of ownership or management and other material breaches of such agreements. We cannot guarantee that all of the framework, franchise and other related

agreements that our dealerships are or will be party to will be renewed at all or renewed on equally favorable terms. Furthermore, the failure by us to maintain framework, franchise and other related agreements with one manufacturer may prohibit us from obtaining such agreements with the same manufacturer or impede our ability to obtain or maintain such agreements with other manufacturers. In addition, actions taken by manufacturers to exploit their bargaining position in negotiating the renewal terms of framework, franchise and other related agreements could also have a material adverse effect on our revenues and profitability. Our future results of operations may be materially and adversely affected to the extent that franchise rights our dealerships enjoy become compromised or operations restricted due to the terms of framework, franchise and other related agreements.

Framework, franchise and other related agreements often do not give a dealership the exclusive right to sell a manufacturer's product within a given geographic area. Subject to state laws that are generally designed to protect dealers, a manufacturer may grant another dealer a franchise to start a new dealership near the location of one of our dealerships or an existing dealership, with the manufacturer's approval, may move its dealership to a location that would more directly compete against one of our dealerships. The location of new dealerships near our dealerships could materially and adversely affect operations, and reduce the profitability of our dealerships. Our framework, franchise and dealer agreements prohibit transfers of control and/or any ownership interests of a dealership and, in some cases, its parent, without prior approval of the applicable manufacturer. Our existing framework, franchise and dealer agreements could be terminated if a person or entity acquires a substantial ownership interest in us or acquires voting power above certain levels without the applicable manufacturer's approval. These restrictions may also prevent or deter a prospective acquirer from acquiring control of us or our dealerships. Manufacturers have sought, and may in the future seek, to terminate framework, franchise and dealer agreements with us due to changes in ownership or management for which we do not obtain prior approval of the manufacturers. Manufacturers may also have certain rights to restrict our dealerships' ability to provide guaranties, pledge our interest in dealerships, and permit liens on our dealerships' assets, which could adversely impact our ability to obtain financing for our business and operations on favorable terms or at desired levels.

*Debt Associated with Auto Portfolio Companies.* The dealerships owned by our Partnerships and Portfolio Companies have incurred substantial indebtedness. These indebtedness obligations could materially adversely affect the financial health of the Partnerships and Portfolio Companies, limit their ability to finance future acquisitions and capital expenditures and prevent them from fulfilling their financial obligations. If such entities do not comply with the terms of the debt agreements, the lenders could seek to exercise remedies against such Partnerships and Portfolio Companies and access to capital may be on unfavorable terms, limited or unavailable.

The largest credit facility matures in December 2022. Pursuant to the Transaction, the Selling Entities are expected to sell substantially all of their automotive retail assets. However, if the sale is not consummated, GPB will need to resume negotiations to extend the maturity date for this facility, though there can be no guarantee that such an extension will be granted.

At the time we must refinance, the market for new debt, or our financial condition or asset valuations, might not be favorable. It is possible that financing to replace or renew our debt may be unfavorable or unavailable, which would adversely affect our financial condition and results of operations. Certain of our debt agreements contain covenants that limit the discretion of our management with respect to various business matters. These covenants place restrictions on, among other things, distributions, dealership acquisitions, transactions with affiliates, additional indebtedness, liens, and business and asset dispositions.

Under some of our debt agreements, we are required to remain in compliance with financial covenants such as a maximum leverage ratio and/or may be subject to mandatory repayment or cash flow recapture in the event we do not meet the required threshold on the leverage ratio. If our earnings decline, we may be unable

to comply with such financial ratios. Due to these covenant restrictions, certain of our lenders have imposed restrictions that prevent, and may continue to prevent, the distribution of cash flow from operations of the dealerships to us. Such covenant restrictions thereby affect, and may continue to affect, our access to cash flows for the purpose of funding and making distributions.

Certain of our indebtedness is or has been in default related to matters including financial reporting and financial covenant compliance. As a consequence, we have entered into forbearance agreements and loan modification agreements with certain of our lenders. Moreover, we may have difficulty satisfying our debt service obligations and if we fail to comply with these requirements, an event of default could result. If we do not comply with our indebtedness and forbearance agreements, our lenders could seek to exercise remedies against us, including declaring an acceleration of our indebtedness and foreclosing on or otherwise seeking to exercise rights of control with respect to our inventory, receivables, real estate and other assets. A failure by us to comply with the obligations contained in any of our debt or forbearance agreements could also permit the exercise of remedies against us under other agreements that contain cross-default or cross-acceleration provisions. Our indebtedness is secured by substantially all of our assets. Any exercise of remedies could have a material adverse effect on our business and financial condition, even if less than all of our automotive dealerships, or even a single automotive dealership, is affected. Additionally, we have granted certain manufacturers the right to acquire our automotive dealerships franchised by those manufacturers in specified circumstances.

Certain debt agreements contain subjective acceleration clauses based on a lender deeming itself insecure or if a “material adverse change” in our business has occurred. The Partnerships have not received any notice of a material adverse change occurring under any of their credit agreements.

*Acquisition Strategy Risks.* Like any strategy, there are risks associated with the Partnerships’ target sectors. Thus, there is a need to constantly evaluate such risks and develop clear strategies that measure and manage these risks. There are risks that operators who may not be able to run the business both from a personal and business point of view. The aggregation model poses litigation risk. Litigation costs are substantial and could potentially impact a Portfolio Company. There is also a cultural integration risk. In the services business, people are critical to success. Cultural integration issues could pose risks to the overall consolidated company.

*Failure of a Portfolio Company.* Portfolio Companies have in the past and may in the future fail. Some Partnerships expect to focus on the acquisition and operation of Portfolio Companies in the automotive retail, technology enabled services, and other sectors, and it is possible that those segments could suffer more so than other segments. There are no legal requirements as to concentration or diversification imposed on the Partnerships with respect to the allocation of assets among those or other sectors, such as are imposed on registered investment companies. No assurance can be given that the failure of one or more Portfolio Companies will not have a material adverse effect on the Partnerships.

*Lack of Publicly Available Information Regarding Acquisitions.* The interests in the Portfolio Companies will not be offered under registration statements under the 1933 Act. In addition, Portfolio Companies will not be subject to the periodic information and reporting provisions of the 1934 Act. Accordingly, publicly available information about Portfolio Companies may be limited. The Partnerships will be required to rely on the ability of GPB to obtain adequate information to evaluate the potential operational returns from acquiring these companies. If GPB is unable to uncover all material information about Portfolio Companies, it may not make a fully informed acquisition decision, and the Partnerships may lose some or all capital on such acquisitions.

*Risks Related to Acquiring and Operating Portfolio Companies.* To the extent the Partnerships recommence acquisitions, the Partnerships expect to acquire and operate companies with smaller market capitalizations.

Acquisitions of small- and medium-capitalization companies involve significantly greater risks than acquisitions of larger, better-known companies. There is ordinarily a more limited marketplace for the purchase of interests in smaller, private companies, which may make it difficult to source acquisitions. In addition, the relative illiquidity of interests in privately- held companies generally, and the somewhat greater illiquidity of interests in small- and medium-sized privately- held companies, could make it difficult for the Partnerships to react to negative economic or political developments. Accordingly, Investors should have a long-term investment horizon.

*Illiquid Holdings and Difficulty of Valuation.* To the extent the Partnerships recommence acquisitions, the Partnerships plan to acquire and operate private companies for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. While Portfolio Companies will be acquired and operated for the purpose of generating income from operations and will be held indefinitely, the Partnerships may consider strategic transactions on an opportunistic basis, such as an initial public offering, spin-off of businesses, or sale of a Portfolio Company or a business line. Even if the Partnerships were required to sell Portfolio Companies, the Partnerships could be unable to sell assets or to realize what Partnerships perceive to be their fair value in the event of a sale. In addition, any sale of a Portfolio Company or the Partnerships' interests therein could take a significant period of time to sell due to market conditions, availability of financing, lack of demand and other conditions. Because there will be no readily available market for the Portfolio Companies, those Portfolio Companies cannot be sold quickly and will be difficult to value. Determination of fair values for such companies involves judgments that are not susceptible to substantiation by auditing procedures. Values assigned to Portfolio Companies may not accurately reflect values that may be actually realized if the Partnerships seek to dispose of them. Accordingly, Investors should expect to hold their investments in the Partnerships for the long-term and realize their returns, if any, from cash flows from operations.

*Risk Inherent In Portfolio Company Acquisitions.* Acquisitions of private companies involve a high degree of risk, including that private companies:

- may have limited financial resources and may require substantial amounts of financing that may not be available;
- may not have financial statements prepared in accordance with U.S. generally accepted accounting principles;
- may have inadequate controls over financial reporting;
- typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a Portfolio Company and, in turn, on the Partnerships;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- generally operate in industries that have varying or limited federal or state regulations;
- may be particularly susceptible to economic slowdowns or recessions and may be unable to repay their loans or meet other obligations during these periods; and
- often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved.

There can be no assurance of the success of such enterprises.

*Follow-on Funding Requirements.* Following the Partnerships' initial acquisition of a Portfolio Company, the Partnerships may be required to make additional capital contributions to the Portfolio Company. Such additional contributions may be necessary to protect the Partnerships' interest in Portfolio Companies that require additional financing to carry out their business plans. There is no assurance that the Partnerships will make such additional contributions or that they will have the ability to do so. The failure to make additional contributions may impact the Partnerships' ability to realize a meaningful return and may impact the recovery of the Partnerships' contribution.

*Financing for Acquisitions.* The Partnerships cannot ascertain the capital requirements for all their potential acquisitions. If the net proceeds of an offering prove to be insufficient, either because of the size of the acquisition, the depletion of the available net proceeds in search of a target business, expenses incurred by the Partnerships or other reasons, the Partnerships will be required to seek additional financing. Such financing may not be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to consummate a particular acquisition, the Partnerships would be compelled to either restructure the transaction or abandon that particular acquisition and seek an alternative target business candidate. In addition, if the Partnerships consummate an acquisition, they may require additional financing to fund the operations or growth of the target business. Such additional financing may create dilution of the Partnership's investment. The failure to secure additional financing could have a material adverse effect on the continued development or growth of the Portfolio Companies. GPB and its affiliates are not required to provide any financing in connection with or after an acquisition. If a Portfolio Company is unable to generate sufficient cash flow to meet its obligations, including any debt service obligations for financing, the Portfolio Company may default under its loan obligations, be required to sell assets, obtain additional financing, or alternatively, liquidate, which could have a material adverse effect on the Partnerships' revenue, asset value and ability to pay distributions. If the Partnerships guarantee any such indebtedness, the Partnerships could be required to sell assets or obtain additional financing to repay any guaranteed amounts, which could have a material adverse effect on the Partnerships' revenue, asset value and ability to pay distributions.

*Regulation under the Investment Company Act of 1940.* The Partnerships intend to conduct their operations so that they will either (i) qualify for an applicable exemption from registration as an investment company under the Investment Company Act of 1940, as amended ("1940 Act"), or (ii) not meet the definition of an "investment company" under the 1940 Act and thereby not be required to register under the 1940 Act. Section 3(a)(1)(A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the 1940 Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets, exclusive of government securities and cash items on an unconsolidated basis (the "40% test"). Excluded from the term "investment securities," among other things, are securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. The 1940 Act defines a majority owned subsidiary of a person as a company 50% or more of the outstanding voting securities of which are owned by such person, or by another company which is a majority-owned subsidiary of such person. If the threshold in the 40% test is exceeded, an issuer still would not be considered an "investment company" in reliance on Rule 3a-1 (the "45% test"), if generally no more than 45% of the value of its total assets, exclusive of government securities and cash items (determined on an unconsolidated basis, except with that of any 95% or more owned subsidiaries), consists of, and no more than 45% of its net income after tax for the last four fiscal quarters combined (determined on an unconsolidated basis, except with that of any 95% or more owned subsidiaries) is derived from, securities other than government securities and securities of certain majority-owned subsidiaries and primarily controlled companies.

Generally, a company is considered to be controlled primarily if the issuer has the power to exercise a controlling influence over the management or policies of a company and the degree of the issuer's control is greater than that of any other person.

The Partnerships intend to conduct their operations so that a sufficient portion of their acquisitions are either majority-owned subsidiaries and/or companies that the Partnerships primarily control (for purposes of the 45% test), so that the Partnerships exceed the threshold in the 40% test or the Partnerships qualify to rely on the 45% test. The determination as to whether the Partnerships are not investment companies by virtue of Section 3(a)(1)(C) depends on a factual analysis of the Partnerships' holdings themselves, whether the Partnerships' holdings qualify as majority-owned and, for purposes of the 45% test, whether the Partnerships control primarily various entities. There is only limited authority interpreting the treatment of entities as either majority owned or controlled primarily. The Partnerships have not asked the SEC staff for concurrence of this analysis and it is possible that the SEC or its staff could disagree with any of these determinations. If the SEC staff were to disagree with any of the Partnerships' determinations, including our treatment of one or more of the companies held as majority-owned subsidiaries or primarily controlled by a Partnership, the Partnerships may need to adjust their structure, strategy and assets. Any such adjustment in the Partnerships' strategy, or structure, would have a material adverse effect on the Partnerships.

It is possible that a new partnership may not immediately qualify under either the 40% test or the 45% test. In such case, the partnership would intend to rely on either (i) another applicable exemption from registration under the 1940 Act or (ii) Rule 3a-2 under the 1940 Act, which allows a company that otherwise would be an investment company (as a so-called "transient investment company") a grace period of one year from the date of classification, to avoid registration under the 1940 Act so long as, among other things, it does not intend to engage primarily in the business of investing, reinvesting, owning, holding or trading in securities. The partnership would then intend to acquire assets in the future so that it would meet the requirements of the 40% test or the 45% test upon or prior to the expiration of the "transient investment company" grace period.

Even if the Partnerships meet the 40% test or the 45% test, a Partnership could be deemed to be an "investment company" under the 1940 Act if that Partnership is considered to be a "special situation investment company." The SEC has stated that an issuer is a special situation investment company if it secures control of other companies for the primary purpose of making a profit in the sale of the controlled company's securities. GPB believes that the Partnerships would not be treated as special situation investment companies, because the Partnerships are acquiring controlling interests in companies to hold for the long-term and the primary purpose of such acquisitions is to generate operating cash flow and not to make a profit from the sale of the Partnerships' interests in Portfolio Companies. There is only limited authority on what constitutes a special situation investment company and there can be no assurance that the SEC or its staff would agree with this determination.

Each Partnership's intention to not operate as an investment company will limit its operations in certain ways. For example, since the Partnerships are not investment companies, they may determine to not acquire or dispose of an asset that they would acquire or dispose if they were investment companies, or the Partnerships may make an acquisition or disposition at a different time, under different circumstances, or in a different manner than would an investment company. If a court or the SEC or its staff provides additional precedent or guidance bearing upon a Partnership's activities and intention to not operate as investment companies, the Partnership may be required to adjust its business strategy accordingly. Any additional legal precedent, including guidance from the SEC or its staff, could provide additional flexibility to the Partnerships, or it could further inhibit their ability to pursue the business strategies they have chosen.

Any regulatory or other developments could subject a Partnership to regulation as an investment company

and could require that Partnership to restructure its business operations, sell certain assets or abstain from the purchase of certain assets, which could have an adverse effect on the Partnership's financial condition and results of operations. Registration under the 1940 Act would require a Partnership to comply with a variety of substantive requirements that impose, among other things, limitations on capital structure, restrictions on specified investments, restrictions on borrowings and other leverage and prohibitions on transactions with affiliates. If the SEC or a court of competent jurisdiction were to find that a Partnership is required to have, but in violation of the 1940 Act had failed to, register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a U.S. district court to enjoin the violation; (ii) the Partnership could be subject to lawsuits to recover any damages caused by the violation; and (iii) any contract to which the Partnership is a party that is made in, or whose performance involves, a violation of the 1940 Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than nonenforcement and would not be inconsistent with the purposes of the 1940 Act. Should a Partnership be subjected to any or all of the foregoing, its business would be materially and adversely affected.

*1934 Act Reporting Requirements.* If any class of Interests becomes beneficially owned by 2,000 or more persons for purposes of the 1934 Act, we would become subject to the information and reporting requirements of the 1934 Act. Such reporting obligations would entail significant administrative burdens, including legal and accounting costs that could negatively impact the Partnerships' operations and returns to Investors. While Investors would be provided more comprehensive publicly reported financial and other information about the relevant Partnership if one or more classes of Interests of such Partnership are registered under the 1934 Act, such registration would divert cash and managerial resources from the relevant Partnership's operations and would therefore reduce returns to Investors.

Two Partnerships were required to register and become subject to the reporting requirements under the 1934 Act in 2018 (each a "PRC") but have as of yet failed to complete their registration statements due to delays in completing their audited financial statements. The auditor for the two PRCs paused the audit in November 2019 pending the results of two independent internal investigations. After the completion of the investigations in early 2020, the auditor resumed its audit work in April 2020. On May 14, 2021, Automotive Portfolio filed its annual Form 10 with the SEC including its audited financial statements through December 31, 2020. While GPB intends to produce audited financial statements and comply with required regulatory filings as soon as possible for all of the Partnerships, there is no guarantee all of such audited financial statements will be produced, and the continued delays or failures could have an adverse effect on the Partnerships, which could result in losses to Investors.

*Public Reporting Company Requirements.* As public reporting entities, each PRC will be subject to the reporting requirements of the 1934 Act and requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The 1934 Act requires that each PRC file annual, quarterly and current reports with respect to each PRC's business and financial condition. The Sarbanes-Oxley Act requires that each PRC maintain effective disclosure controls and procedures and internal controls over financial reporting, which are discussed below. In order to maintain and improve the effectiveness of the PRC's disclosure controls and procedures and internal controls, significant resources and management oversight is required. We will continue to implement procedures, processes, policies and practices for the purpose of addressing the standards and requirements applicable to public companies. These activities may divert GPB's attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. We expect to incur significant additional annual expenses related to these steps including, among other things, directors' and officers' liability insurance, director fees, SEC reporting expenses, additional administrative expenses payable to Highline to compensate Highline for hiring additional accounting, legal and administrative personnel, and increased auditing and legal fees and similar expenses relating to public reporting.



*Regulation Under the USA PATRIOT Act.* The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“USA PATRIOT Act”) was enacted in reaction to the terrorist attacks on the World Trade Center and the Pentagon. Title III of the USA PATRIOT Act, referred to as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (“IMLA”), imposes obligations on financial service entities, including companies like the Partnerships, under anti-money laundering (“AML”) provisions. The Treasury Department adopted rules under the USA PATRIOT Act implementing the AML provisions. Many entities are required, under the Treasury rules, to implement procedures designed to detect and report suspicious activities that identify transactions that may involve illegal activity. If it is determined that we are required to comply with the AML provisions, we will be required to implement procedures and make reports when necessary. Penalties for not implementing and maintaining effective AML compliance programs could result in prosecution, regulatory enforcement action and adverse publicity for both the Partnerships and GPB.

*Other Regulatory Burdens.* GPB, the Partnerships and the Portfolio Companies are subject to laws and regulations enacted by national, regional and local governments. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on the Partnerships’ business, acquisitions and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on the Partnerships’ business and results of operations.

*The Proceedings.* The Proceedings have proven, and will likely in the future prove to be, time consuming and costly. The Proceedings will require GPB, the Partnerships and affiliates to incur significant litigation expenses, and have impacted, and will continue to impact, GPB, the Partnerships and its affiliates’ relationships with Investors, third party service providers, regulators and other governmental authorities.

*Systems Risks.* The Partnerships depend on GPB to develop and implement appropriate systems for their activities. The ability of the Partnerships’ systems to accommodate increasing volume could also constrain the Partnerships’ ability to manage their portfolios. In addition, certain of GPB’s operations may interface with or depend on systems operated by third parties, and there may be inadequate means to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Partnerships. Although GPB endeavors to provide sufficient redundancy and back-up for material information related to the Partnerships, GPB is not liable to the Partnerships for losses caused by systems failures.

*Inadequate Capital.* If the Partnerships’ acquisition activities recommence, the Partnerships intend to acquire companies and operate them for the long-term. Operating cash flow, if any, generated from acquisitions may not be sufficient to cover operating expenses.

If for any reason a Partnership’s operating reserves are insufficient to fund its expenses or those of its Portfolio Companies, the Partnership or such Portfolio Companies may seek debt financing, which would accrue interest and would be payable prior to any distributions to equity holders. Such sources or other sources of funding may not be available or may not be available under terms that are acceptable. Any additional financing could ultimately dilute an Investor’s interest in a Partnership.

Adverse capital and credit market conditions could affect our ability to meet liquidity needs, as well as our access to capital and cost of capital. The capital and credit markets have experienced extreme volatility and disruption from time to time. Instability or disruptions of the capital and credit markets and deterioration of our financial condition, alone or in combination, could prohibit or restrict us from accessing external sources of short- and long-term debt financing and/or significantly increase the associated costs.

In addition, an increase in interest rates would make it more expensive to use debt for our financing needs, if any. If we are unable to obtain financing favorable to us, our acquisition strategy, business, financial condition and results of operations could be materially and adversely affected.

*Changes in Environment.* The Partnerships' acquisition and operational program is intended to extend over an indefinite period of time during which the business, economic, political, regulatory, and technology environment within which the Partnerships will operate Portfolio Companies may undergo substantial changes, some of which may be adverse to the Partnerships. GPB, on the Partnerships' behalf, will have the exclusive right and authority to determine the manner in which the Partnerships respond to such changes, and Investors generally will have no right to withdraw from the Partnerships or to demand specific modifications to the Partnerships' operations in consequence thereof.

*Leverage.* The Partnerships' acquisitions, directly or indirectly, may be leveraged acquisitions. Utilization of leverage is a speculative technique and involves risks to Investors. While leverage may enhance total returns to Investors, if operating cash flows fail to cover borrowing costs, then returns to Investors will be lower than if there had been no borrowings. To the extent the Partnerships utilize leverage in an acquisition, the acquisition will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such acquisition. In the event of a Partnership's dissolution, lenders and holders of its debt securities would receive a distribution of its available assets before distributions to Investors. Any new units of limited partnership interest may have a preference over the older interests with respect to distributions and upon dissolution, which could further limit the Partnership's ability to make distributions to Investors. Because a Partnership's decision to incur debt and issue shares in any future offerings will depend on market conditions and other factors beyond its control, the Partnership cannot predict or estimate the amount, timing or nature of future offerings or its future debt and equity financings. Further, market conditions could require the Partnership to accept less favorable terms for the issuance of its securities in the future, including issuing limited partnership interests at a discount to market value. Accordingly, Investors will bear the risk of future offerings reducing the value of their interests, diluting their interest in the Partnership. In addition, a Partnership's or Portfolio Company's inability to obtain financing for various reasons could affect its respective value.

*Undisclosed Acquisition and Operation Strategy.* Acquisition and operations strategies and techniques employed to attempt to reach the Partnerships' goals are proprietary and may not be disclosed to Investors. As a result, Investors will not be able to review and analyze the Partnership's strategies and techniques in their entirety.

*Preference of Certain Fees Regardless of Profitability.* Certain entities and persons referenced in the Offering Documents are entitled to receive the various fees described herein regardless of whether the Partnerships or any Portfolio Companies operate at a profit. To the extent that Portfolio Companies are not generating sufficient revenue to pay the fees, the Partnerships will have to pay these fees out of other available cash, thus further reducing the amount of cash available for distribution to Investors or to pay other expenses. Similarly, Portfolio Companies may be required to pay certain fees or revenue to GPB and/or its respective affiliates, officers, directors, employees, agents and equity-holders (collectively, referred to herein as "Related Parties") for services outlined in this Brochure whether or not the Portfolio Companies are operating at a profit.

*Risks of Senior Debt.* Making senior secured loans to private North American companies, including middle-market companies, may be risky. There is a risk that any collateral pledged by Portfolio Companies in which the Partnerships have taken a security interest may decrease in value over time or lose its entire value, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the Portfolio Company to raise additional capital. To the extent a Partnership's debt is collateralized by the securities of

a Portfolio Company's subsidiaries, such securities may lose some or all of their value in the event of the bankruptcy or insolvency. Also, in some circumstances, a Partnership's security interest may be contractually or structurally subordinated to claims of other creditors. In addition, deterioration in a Portfolio Company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the debt. Secured debt that is under-collateralized involves a greater risk of loss. The fact that debt is secured does not guarantee that the Partnership will receive principal and interest payments according to the debt's terms, or at all, or that the Partnership will be able to collect on the debt should the Partnership be forced to enforce its remedies.

*Other Senior Debt of Portfolio Companies.* Portfolio Companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which the Partnerships invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which the Partnerships are entitled to receive payments with respect to the debt instruments in which the Partnerships invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a Portfolio Company, holders of debt instruments ranking senior to a Partnership's debt strategies in that Portfolio Company would typically be entitled to receive payment in full before a Partnership receives any proceeds. After repaying such senior creditors, such Portfolio Company may not have any remaining assets to use for repaying its obligation to the Partnerships. In the case of debt ranking equally with debt instruments in which the Partnerships invest, the Partnerships would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant Portfolio Company.

*Debt Assets Subordinated to Claims of Other Creditors or Lender Liability Claims.* If one of the Portfolio Companies were to go bankrupt, depending on the facts and circumstances, including the extent to which the Partnerships provided managerial assistance to that Portfolio Company, a bankruptcy court might re-characterize a Partnership's debt assets and subordinate all or a portion of the Partnership's claim to that of other creditors. In situations where a bankruptcy carries a high degree of political significance, a Partnership's legal rights may be subordinated to other creditors. The Partnerships may also be subject to lender liability claims for actions taken by the Partnerships with respect to a borrower's business or in instances where the Partnerships exercise control over the borrower or render significant managerial assistance.

*Control of Portfolio Companies.* While the Partnerships intend to acquire majority and/or primary control interests in Portfolio Companies, the Partnerships may not have control to act on all matters without the consent of other investors in these companies. The Partnerships also may not control Portfolio Companies for which the Partnerships act as lender, even though the Partnerships may have board representation or board observation rights, and the Partnerships' debt agreements with such Portfolio Companies may contain certain restrictive covenants. As a result, the Partnerships are subject to the risk that a Portfolio Company in which they acquire an ownership stake may make business decisions with which the Partnerships disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve the Partnerships' interests as debt investors. Due to the lack of liquidity, the Partnerships may not be able to dispose of their interests in certain Portfolio Companies as readily as the Partnerships would like or at an appropriate valuation. As a result, a Portfolio Company may make decisions that could decrease the value of the Partnerships' portfolio holdings.

*Risks Associated with Changes in Interest Rates.* To the extent the Partnerships make loans, the Partnerships will be subject to financial market risks, including changes in interest rates. General interest rate fluctuations may have a substantial negative impact on the Partnerships' debt investments and lending opportunities and, accordingly, have a material adverse effect on the Partnerships' objectives and the return realized by Investors. In addition, an increase in interest rates would make it more expensive to use debt for the Partnerships' financing needs, if any. Interest rates have recently been at or near historic lows. In the event

of a rising interest rate environment, payments under floating rate debt instruments generally would rise and there may be a significant number of issuers of such floating rate debt instruments that would be unable or unwilling to pay such increased interest costs and may otherwise be unable to repay their loans. Debt investments with a floating rate may also decline in value in response to rising interest rates if the interest rates of such debt investments do not rise as much, or as quickly, as market interest rates in general. Similarly, during periods of rising interest rates, fixed rate debt investments may decline in value because the fixed rates of interest paid thereunder may be below market interest rates.

*Economic Recessions or Downturns.* Many of the Partnerships' potential Portfolio Companies may be susceptible to economic slowdowns or recessions (such as the economic downturn that occurred from 2008 through 2009 and which has occurred due to the impact of COVID-19) and may be unable to repay the Partnerships' loans during these periods. Therefore, the Partnerships' non-performing assets are likely to increase, and the value of the Partnerships' portfolio is likely to decrease, during these periods. Adverse economic conditions may also decrease the value of any collateral securing the Partnerships' debt investments. A prolonged recession may further decrease the value of such collateral and result in losses of value in the Partnerships' portfolio and a decrease in revenues, net income and asset value. Unfavorable economic conditions also could increase the Partnerships' funding costs, limit the Partnerships' access to the capital markets or result in a decision by lenders not to extend credit to the Partnerships on terms deemed acceptable by the Partnerships. These events could prevent the Partnerships from increasing the number of loans the Partnerships can make and harm the Partnerships' operating results. Economic downturns or recessions may also result in a Portfolio Company's failure to satisfy financial or operating covenants imposed by the Partnerships or other lenders, which could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its assets representing collateral for its obligations, which could trigger cross defaults under other agreements and jeopardize the Portfolio Company's ability to meet its obligations under the debt that the Partnerships hold and the value of any equity securities the Partnerships own. The Partnerships may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting Portfolio Company.

*Bank/Lender Covenant Breaches by the Portfolio Companies.* The Portfolio Companies enter into financing transactions with banks and other lenders that include secured or unsecured lending agreements and subject the Portfolio Companies to various financial covenants. Due to delayed audits, certain of these lenders have imposed restrictions that prevent, and may in the future continue to prevent, the distribution of cash flow from operations of the relevant Portfolio Companies to the relevant Companies and thereby affects, and may continue to affect in the future, the ability of any such Companies to receive cash flows from operations that may be necessary to operate or to be able to provide Investors with cash distributions. Financial covenants relating to the indebtedness of the Portfolio Companies can: require the Portfolio Companies to dedicate a substantial portion of their cash flow from operations to making payments on indebtedness; reduce the availability of cash flow from working capital, limiting the Portfolio Companies' ability to obtain financing from working capital, expenditures, acquisitions and other activities; limit the flexibility in planning, reacting to, or changes in the businesses the Portfolio Companies operate; increase vulnerability to the impact of economic downturns and adverse developments in other businesses; place the Portfolio Companies at a competitive disadvantage vis a vis less leveraged competitors; and cause fluctuations in variable interest rates as market conditions change. Certain Portfolio Companies are subject to financial covenants limiting the discretion of management with respect to various business matters, including with respect to distributions, acquisitions, transactions with affiliates, additional indebtedness, liens and business and asset dispositions. Continued breaches of financing covenants could result in the lenders calling the loans, which would have a material adverse effect on the Partnerships.

Additionally, certain Portfolio Companies must obtain secured inventory financing ("Inventory Financing"). The availability of Inventory Financing for each product manufacturer or grouping of

manufactures is necessary for those certain Portfolio Company operations. Failure to obtain and maintain such financing will impact our ability to acquire new, and maintain the existing, Portfolio Companies requiring such financing. Such Portfolio Company's failure to satisfy financial or operating covenants imposed by the manufactures for Inventory Financing could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a Portfolio Company's ability to meet its obligations under other financial and operating company agreements that the Portfolio Companies enter into on a regular basis. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting Portfolio Company.

*Continued Working Capital Funding.* Certain Portfolio Companies require maintaining a minimum required working capital level to remain in compliance with manufacturer licensing agreements. Any shortfalls will have to be funded by the applicable Partnership to prevent the revocation of those manufacturing licenses, which can impact the available cash at the Partnership. If for any reason a Partnership's operating reserves are insufficient to fund expenses of the Fund or of its Portfolio Companies, the Partnership or such Portfolio Companies may seek debt financing, which would accrue interest and would be payable prior to any distributions to equity holders. Such sources or other sources of funding may not be available or may not be available under terms that are acceptable. Any additional financing could ultimately dilute an Investor's interest in a Partnership.

*Covenant Breaches to the Companies by Portfolio Companies.* A Portfolio Company's failure to satisfy financial or operating covenants imposed by the Partnerships or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a Portfolio Company's ability to meet its obligations under the debt or equity securities that we anticipate holding. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting Portfolio Company.

*Leverage of Portfolio Companies.* Some potential Portfolio Companies may be highly leveraged, which may have adverse consequences to these companies and to a Partnership as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

*Cybersecurity Risk.* GPB, the Partnerships' 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 Partnerships and their investors, despite the efforts of GPB and the Partnerships' 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 Partnerships 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 GPB, the Partnerships' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of GPB's systems to disclose sensitive information in order to gain access to GPB's data or that of the Partnerships' Investors. A successful penetration or circumvention of the security of GPB's systems 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 (including ransomware attacks), physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Partnerships,

GPB or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for the companies in which the Partnerships invest, which could have material adverse consequences for such companies, and may cause the Partnerships' investments to lose value.

*Risks Associated with NSCC and DTCC Suspension of Services.* GPB, the Partnerships, and the Investors may be exposed to risk as the DTCC has decided to suspend AIP membership with DTCC's subsidiary the NSCC. In the event DTCC is successful in suspending, or terminating, GPB's AIP membership, GPB's ability to transmit fund data to account custodians that is used to populate Investor account statements may be impacted. Delays in reporting this information could put GPB at risk of not being able to communicate material information with its custodians and Investors. Suspension or termination of the AIP membership would cause GPB to have to seek out another service provider offering comparable services, which could result in additional legal costs and fees. Please see Item 4 for more information.

*Risks Associated with Phoenix American Financial Services, Inc. Suspending Investor Communications.* Phoenix provides administrative services and oversees the posting and transmission of Investor communications. The posting or delivery of Investor communications to the Investor Portal may be delayed or impacted. These services are crucial for GPB as they allow GPB to communicate material information to Investors and perform critical ministerial functions. Any suspension or termination of Phoenix's services could have a material adverse effect on GPB and the Partnerships.

*Risks Associated with the Signature Bank Litigation.* On February 8, 2021, Signature Bank withdrew \$2,228,984.73 from GPB's account (no withdrawals were made from any Partnership accounts), including \$1,315,320 representing the amount related to the PPP Loan. On February 9, 2021, Signature Bank sent GPB two notices of default stating that the money was withdrawn as a result of GPB being recently "indicted" by the United States government. Signature Bank claimed such "indictment" provided Signature Bank the authorization to withdraw the funds based on Signature Bank's determination that the "indictment" would materially and adversely affect GPB. GPB responded by correcting Signature Bank in that GPB had not been indicted. In fact, GPB, while having been named a defendant by the SEC in the SEC Complaint, was at the time of the withdrawal current on its \$2,000,000 term note with Signature Bank and was continuing to operate and manage the Portfolio Companies that produce revenue.

While the SBA has forgiven the PPP Loan in full as of October 29, 2021, and it is anticipated that Signature Bank will return the PPP Loan funds, if the PPP Loan funds are not returned, GPB's operations may be negatively impacted. See "The Coronavirus Aid Relief & Economic Security Act" (the "CARES Act") below for more information.

## **Management Risks**

*Reliance on Officers and Employees of GPB and its Affiliates.* The Partnerships are particularly dependent upon the efforts, experience, contacts and skills of the individual officers and employees of GPB, the members of the Acquisition Committee, composed of up to six members who are nominated, appointed and removed by GPB, and the individual officers and employees of certain affiliates of GPB, including Highline. The loss of any such individual could have a material, adverse effect on the Partnerships, and such loss could occur at any time due to death, disability, resignation or other reasons. GPB has experienced the loss of key personnel in senior management in the recent past, and in light of the Proceedings may lose additional personnel. GPB's founder and owner David Gentile has resigned from all positions at GPB, including from the Acquisition Committee of GPB and from all positions at GPB affiliates. GPB does not maintain key man insurance for all officers and members of GPB, the Portfolio Companies or affiliates. There can be no assurance that the individual officers and employees of, and advisors to, GPB, the Portfolio Companies or affiliates will continue to be employed or retained by GPB or

such other entities or that such officers, employees and advisors will continue to function on GPB's, the Portfolio Companies', the Partnerships' or the affiliates' behalf. If the services of certain key employees become unavailable, GPB and such other entities would need to recruit qualified personnel, which may prove difficult, especially in light of the Proceedings. The unexpected or unanticipated loss of the services of one or more employees or members of GPB, the Portfolio Companies or affiliates could have an adverse effect on the entities and impair the efficiency and productivity of their operations. The Partnerships are dependent upon the services provided by Highline. The services provided to the Partnerships by Highline include accounting, financial reporting and management consulting services to administer, manage, direct and oversee the day-to-day business affairs, operations and financial reporting of such companies. Highline provides such services pursuant to a Management Services Agreement. To the extent that Highline cannot provide these services or otherwise conform to the obligations of such Agreement, such nonconformity could result in materially adverse effects to GPB, the Partnerships and the Portfolio Companies.

*Evaluation of Acquisitions.* Investors will not be permitted to evaluate Portfolio Company opportunities or relevant business, economic, financial or other information that will be used by GPB in making acquisition or disposition decisions. Except as specifically provided in the relevant Partnership's Offering Documents, GPB will have the exclusive right and power to manage each Partnership's business and affairs.

*Changes in Acquisition Strategies.* GPB has broad discretion to expand, revise or contract a Partnership's business without the consent of the Investors. A Partnership's acquisition strategies may be altered, without prior approval by, or notice to, the Investors, if GPB determines that such change is in the Partnership's best interest.

*Due Diligence.* Even if GPB conducts extensive due diligence on a target business, the Partnerships cannot assure Investors that (i) this diligence will reveal all material issues that may be present with respect to a particular target business, that (ii) it would be possible to uncover all material issues through a customary amount of due diligence, or (iii) factors outside of the target business and Partnerships' control will not later arise. As a result of these factors, the Partnerships may be forced to write-down or write-off assets, restructure its operations, or incur impairment or other charges that could result in losses. Even if GPB's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with preliminary risk analyses. The Partnerships expect that the investigation of each specific target business and the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If a Partnership determines not to complete a specific acquisition, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if the Partnerships reach an agreement relating to a specific target business, the Partnerships may fail to consummate the transaction for any number of reasons including those beyond their control. Any such event will result in a loss to the Partnerships of the related costs incurred, which could materially adversely affect subsequent attempts to locate and acquire another business.

*Directors' and Officers' Insurance.* The coverage under GPB's current directors' and officers' ("D&O") insurance policy is \$2.5 million. If the D&O insurance were to be terminated or the coverage exhausted, the lack of D&O insurance could have a material adverse effect on GPB and the Partnerships due to, among other things (i) the difficulty in attracting strong director and officer candidates to work for GPB, (ii) the inability to look to the current D&O carrier to cover the costs of litigation, and (iii) the reallocation of funds away from payment of operational and portfolio management matters to payment of litigation costs.

*Liability Insurance.* GPB does not currently retain liability insurance. The lack of liability insurance could have a material adverse effect on GPB and the Partnerships due to, among other things, the reallocation of funds away from payment of operational and portfolio management matters to the payment of litigation

costs or for liability settlement costs.

As a result of the Proceedings and the appointment of the Monitor, GPB, the Partnerships and the Portfolio Companies are incurring significant legal and other costs. These costs could have a material adverse impact on the companies.

### **Conflicts of Interest**

Related Parties engage in a broad range of activities in connection with the Partnerships' activities and acquisitions and may therefore have potential, or actual, conflicts of interest in connection with such activities and acquisitions. In the ordinary course of conducting its activities, the interests of a Partnership will from time-to-time conflict with the interests of GPB, the Partnerships, the other Related Parties or their respective affiliates. Certain of these conflicts of interest, as well as a description of how GPB addresses such conflicts of interest, can be found below.

*Management Responsibilities.* GPB manages a number of Partnerships that have investment objectives similar to each other. Allocation of available investment opportunities between the Partnerships could give rise to conflicts of interest. See "Allocation of Investment Opportunities" below. In addition, it is expected that employees of GPB responsible for managing a particular Partnership will have responsibilities with respect to other Partnerships managed by GPB. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

In addition, Related Parties serve as officers, directors, accountants, advisors and Operation Support Providers to or managers of Portfolio Companies or other companies (and receive fees or other compensation at market rates from such Portfolio Companies in connection therewith for services that would have otherwise been outsourced). Such other entities, clients or accounts may have objectives or may implement strategies similar to the Partnerships'.

GPB typically places certain restrictions on a Partnership entering into a transaction in which GPB would acquire or sell an asset in which a Related Party has a financial interest (referred to herein as a "Related Party Transaction"). GPB has policies and procedures in place for addressing Related Party Transactions, which typically include a review of the transaction and associated documents by the relevant Partnerships' Advisory Committee and GPB's CCO and/or the CCO's delegate(s). GPB's CCO and/or the CCO's delegate(s) reviews each Related Party Transaction against the applicable Partnership's Offering Documents to ensure the transaction is in accordance with those documents. Nevertheless, GPB, its affiliates, and members, officers, principals and employees of GPB and its affiliates may buy or sell securities or other instruments that GPB has recommended to the Partnerships. Officers, principals and employees of GPB may also buy securities in transactions offered to but rejected by the Partnerships. A conflict of interest may arise because such investing GPB personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by GPB on behalf of the Partnership. In such circumstances, the investing GPB personnel will not share or reimburse the relevant Partnerships and/or GPB for any expenses incurred in connection with the investment opportunity. In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Partnerships. The transactions described above are subject to the policies and procedures set forth in GPB's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Partnerships. If officers, principals and employees of GPB have made large capital investments in, or alongside, the Partnerships they will have conflicting interests with respect to these investments.

*Allocation of Investment Opportunities.* The strategies of the Partnerships from time to time overlap with



each other. If a potential Portfolio Company acquisition fits the acquisition objective of more than one Partnership, the Acquisition Committee will allocate opportunities in good faith and on a basis believed to be fair and equitable, and no Partnership shall receive preferential treatment over another. To ensure all Portfolio Company acquisitions are allocated fairly, the Acquisition Committee will consider the Partnership's specific circumstances and adhere to GPB's "Allocation Policy."

In the event that GPB recommences its fund growth efforts, GPB or its affiliates may organize Other GPB Entities (as defined below) that may wish to acquire interests in companies in the same target sectors the Partnerships are pursuing, and the Other GPB Entities may wish to joint venture with the Partnerships. If a potential Portfolio Company acquisition fits a Partnership's objective and one or more Other GPB Entities, and each have capital available to acquire interests in the Portfolio Company, GPB will allocate the opportunity among the Partnerships and the Other GPB Entities consistent with its "Allocation Policy," which takes into account various factors, including but not limited to:

- The amount of capital each participant has available, as compared to the total amount of capital each participant anticipates raising;
- The extent to which the potential Portfolio Company deviates from the participants' acquisition objectives; and
- The extent to which the potential acquisition would promote the participants' sector, geographic, brand or other diversification goals.

Should the Acquisition Committee recommend a transaction in which more than one Partnership enters into a joint venture, GPB will not:

- Disadvantage one GPB sponsored entity over another GPB sponsored entity;
- Pursue the transaction unless each company has the right to participate on the same terms, including the ability of a company to acquire additional interests;
- Recommend one company participate in the joint venture as a method to increase fees from that or another GPB sponsored entity;
- Pursue such transactions as a method to transfer risk from one GPB sponsored entity to another GPB sponsored entity; and
- Bring an additional GPB sponsored entity into the transaction for the purpose of reducing another GPB sponsored entity's transactional costs.

The members and/or partners and principals and affiliates of GPB affiliates may have conflicts of interest in allocating their time and activity between the Partnerships and other clients, in allocating investments among Partnerships and other clients, and in effecting transactions for the Partnerships and other clients, including ones in which a Partnership may have a greater financial interest.

*Limited Access to Information.* Although GPB generally provides access to material and substantive information concerning the Partnerships, the rights of Investors to information regarding the Partnerships and their Portfolio Companies will be limited even if the Interests are registered under the 1934 Act and the Partnerships publicly report thereunder. In particular, GPB will likely obtain certain types of material information that will not be disclosed to Investors. For example, GPB may obtain information regarding Portfolio Companies that is material to determining the value of such assets. Such information may be withheld from Investors to comply with duties or otherwise to protect the interests of other parties or the Partnerships. Decisions by GPB to withhold information may have adverse consequences for Investors in a variety of circumstances. For example, an Investor that seeks to sell his/her interests may have difficulty in determining an appropriate price for such Interests. Even though the Partnerships have been structured to align the interests of GPB and the Investors, decisions to withhold information may also make it difficult for Investors to subject GPB to rigorous oversight.

*Inter-Partnership Loans.* As of the end of 2017, GPB made the determination that, on a go-forward basis, the Partnerships would not engage in the lending or borrowing of capital to or from one or more other Partnerships (“Inter-Partnership Loans”). Historically, the Partnerships, either alone or along with one or more entities managed by or otherwise affiliated with GPB, have engaged in Inter-Partnership Loan and other related party loan transactions. Although GPB has discontinued the practice of Inter-Partnership lending, GPB along with one or more entities managed by or otherwise affiliated with GPB have and will continue to engage in related party loan transactions that are determined by GPB to be in the best interest of the relevant Partnership. In addition, the foregoing prohibition shall not apply to financing provided by a Partnership sponsored by GPB to serve as an offshore financing subsidiary to other GPB-managed Partnerships’ automotive retail and related businesses and does not include Portfolio Company Loans (as defined below).

“Portfolio Company Loans” means loans between Portfolio Companies within the same Partnership, or from the Partnership to a Portfolio Company or subsidiary holding company held by the Partnership.

*Inter-Partnership Dealings and Guarantees.* In connection with seeking financing or refinancing for Portfolio Companies and their assets, it may be the case that better financing terms are available when more than one Portfolio Company or other related entity provides collateral or guarantees the financing, particularly in circumstances where the assets of each Portfolio Company or related entity are similar in nature. As such, rather than seeking such financing or refinancing on their own, Portfolio Companies of the Partnership, or Portfolio Companies of other Partnerships managed by GPB may enter into cross transactions, cross collateralization or cross guarantee arrangements with other Portfolio Companies or Portfolio Companies of other Partnerships managed by GPB. While we would expect any such financing arrangements to generally be non-recourse to the Partnership or the other Partnerships managed by GPB, any such cross collateralization or cross guarantees could result in (i) the Partnership losing its interest in otherwise performing Portfolio Companies due to poorly performing or non-performing Portfolio Companies of other Partnerships managed by GPB and/or (ii) any Portfolio Company or Portfolio Company of another Partnership managed by GPB being liable for more than their pro rata share of a particular obligation and therefore being required to contribute amounts in excess of their pro rata share, including additional capital to make up for any shortfall if the relevant other vehicles are unable to repay their pro rata share of such indebtedness or other obligation.

*Affiliation with AAS and Ascendant Capital.* Offers and sales of Interests in the Partnerships as well as underlying Portfolio Companies have been sourced through AAS, an affiliate of GPB. The Partnerships are not expected to conduct business with AAS in the future, and GPB has terminated its Services Agreement with Ascendant Capital. AAS and Ascendant Capital directly and indirectly received reimbursements and other compensation from GPB, the Partnerships and certain Portfolio Companies for services rendered in the past. David Gentile, GPB’s Founder, is an indirect minority owner of AAS (but not Ascendant Capital). Mr. Gentile is not actively involved in the day-to-day operations of AAS. AAS is no longer registered with the SEC as a broker-dealer.

GPB, the Partnerships and certain Portfolio Companies have paid fees and expenses directly and indirectly to AAS and Ascendant Capital, including Acquisition Fees, Selling Fees, Servicing Fees, Operations Expenses, and other fees, costs, expenses and reimbursements. In addition to the foregoing, GPB has paid performance allocations to AAS, Ascendant Capital and/or their owners, officers, directors or employees. The fees and expenses paid by the Partnerships directly and indirectly to AAS and Ascendant Capital have been substantial and were in addition to the managerial assistance fees or any other fees payable by the Partnerships to GPB.

The Partnerships had no right to share in any compensation received by AAS and Ascendant Capital, and such compensation has not, in each case been negotiated at arm’s length and was from time to time in

excess of fees, commissions or other compensation that may have been charged by an unrelated third party.

Nothing in the Partnerships' Offering Documents precluded or in any way limited the activities of AAS or Ascendant Capital, including its ability to buy or sell interests in, or providing financing to, Portfolio Companies of the Partnerships or competitors of Portfolio Companies, for the Partnerships account or for the account of others. For example, AAS and/or Ascendant Capital had from time to time performed services for clients who may have had interests that conflict with those of Portfolio Companies or the Partnerships. AAS and Ascendant Capital's activities were each carried out generally without reference to securities held directly or indirectly by the Partnerships, even though such activities may have had an effect on the value of the securities so held.

In addition, AAS and Ascendant Capital had from time to time collected fees from a company in which the Partnerships have an interest, and such fees did not benefit Investors in such Partnership. GPB had an incentive to seek to influence the decision by a Portfolio Company's management to retain AAS and/or Ascendant Capital, or to otherwise transact with AAS and/or Ascendant Capital, instead of, with respect to AAS, other unaffiliated broker-dealers or, with respect to both AAS and Ascendant Capital, other service providers or counterparties that may have been more appropriate or offered better terms. GPB also had an incentive to structure certain transactions, including co-investment opportunities, so that they required the use of a broker dealer.

*Conflicts Related to Purchases and Sales.* Conflicts may arise when a Partnership makes acquisitions or investments in conjunction with an acquisition or investment being made by other Partnerships or in a transaction where another Partnership has already made an acquisition or investment. Acquisition and investment opportunities are, from time to time, appropriate for Partnerships at the same, different or overlapping levels of a Portfolio Company's capital structure. Conflicts arise in determining the terms of acquisitions and investments, particularly where these Partnership's may acquire different types of securities or interests, be they debt, equity or hybrid, in a single Portfolio Company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, 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, and the terms of any work-out or restructuring will raise conflicts of interest, particularly with respect to Partnerships that have acquired or invested in different securities or interests within the same Portfolio Company. Certain Partnerships and their affiliates may invest in debt, securities and other interests of Portfolio Companies in which other Partnerships hold securities, including equity securities. In the event that such acquisitions or investments are made by a Partnership, the interests of such Partnership will at times conflict with the interest of such other Partnership, particularly in circumstances where the underlying Portfolio Company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Partnerships will be prohibited from exercising voting or other rights and may be 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 Partnerships may or may not provide such additional capital, and if provided each Partnership will supply such additional capital in such amounts, if any, as determined by GPB. In addition, a conflict will arise in allocating an acquisition or investment opportunity if the potential target could be acquired by either a Partnership or a Portfolio Company of another Partnership. Acquisitions or investments by more than a Partnership of or in a Portfolio Company will also raise the risk of using assets of a Partnership to support positions taken by other Partnerships. Employees and related persons of GPB and its affiliates have made, or may make, capital investments in, or alongside, certain Partnerships, and therefore often have additional conflicting interests in connection with these acquisitions or investments. There can be no assurance that the return of a Partnership participating in a transaction would be equal to and not less than another Partnership

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

*Principal Transactions.* Section 206 under the Investment Advisers Act of 1940, as amended (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”), then 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 GPB’s management of the Partnerships, GPB and its affiliates engages in principal transactions, including loans made by GPB or its affiliates and the Partnerships. GPB 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 Partnerships regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Offering Documents of the Partnerships generally contain additional restrictions on the ability of the Partnerships or GPB to engage in principal transactions.

*Group Purchasing.* A Partnership’s Portfolio Companies may be counterparties or participants in agreements, transactions or other arrangements with Portfolio Companies of other Partnerships or its affiliates that, although GPB determines to be consistent with the requirements of such Partnerships’ Offering Documents, may not have otherwise been entered into but for the affiliation with GPB, and which may involve fees and/or servicing payments to affiliates of GPB. For example, GPB has in the past and may in the future cause Portfolio Companies 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 companies 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 companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to GPB, its affiliates or a Portfolio Company, including related to a portion of the savings achieved by the Portfolio Company. While GPB may have a conflict of interest because its economic benefit may incentivize GPB to maintain such arrangements, GPB believes that such agreements benefit the Portfolio Companies due to increased access to quality products and services at beneficial pricing and GPB’s benefits from such arrangements are reduced because GPB only benefits on at the same rate as the Portfolio Companies. However, it should not be assumed that a Partnership related to, or otherwise affiliated with GPB will only take actions that are beneficial to, or not opposed to, the interests of a Partnership and its Portfolio Companies.

## **U.S. Tax Risks**

*General.* With limited exception designed to meet the needs of U.S. tax exempt investors and certain non-U.S. investors, the Partnerships generally expect to be treated as partnerships for U.S. federal income tax purposes. Each Investor, in determining its U.S. federal income tax liability, will take into account its allocable share of the Partnership’s income, gain, loss, deduction and credits, without regard to whether it has received distributions from the Partnership. The tax consequences to Investors are complex. Accordingly, each prospective Investor is advised to consult its own tax counsel as to the specific tax consequences of an investment in a Partnership.

*Unrelated Business Taxable Income.* The Partnerships anticipate that they may incur income that would be treated as unrelated business taxable income under Sections 512 and 514 of the Internal Revenue Code of 1986, as amended (the “IRC”). Accordingly, prospective Investors that are tax exempt entities, including qualified retirement plans (stock, bonus, pension, or profit-sharing plans described in IRC

§401(a)) and individual retirement accounts, are urged to consult their tax advisors concerning the U.S. Federal, state and local income and other tax consequences that may result from an investment in the Partnerships.

### **Global Market Deterioration & Impact on Partnerships due to COVID-19 Performance**

Pandemics, epidemics or other public health crises adversely impact GPB, the Partnerships and the Portfolio Companies, both regionally, and, in connection for example with the 2020-2021 novel coronavirus (“COVID-19”) pandemic, on a local, regional, and nationwide basis. The spread of COVID-19 and potentially other pandemics has had, and may continue to have, a material adverse impact on local economies in the affected jurisdictions and also on the global economy as commercial activity is impacted by government and private measures seeking to contain the spread. These developments could represent adverse consequences for GPB, the Partnerships, and the value of Portfolio Companies therein. The operations of GPB, the Partnerships and Portfolio Companies will likely be adversely impacted as a result of government mandated quarantine measures, business closures and suspensions and travel restrictions, and any related health issues of personnel. Disruptions to commercial activity may adversely impact investments of GPB and the Partnerships including by delaying or causing supply chain disruptions, causing staffing shortages and delaying or reducing expected cash flow. Any of foregoing could materially and adversely affect the ability of GPB to source, manage and divest the investments of the Partnerships and their ability to fulfill their investment objectives.

Furthermore, the rapid development of epidemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to GPB and the performance of the Partnerships’ investments and operations.

No assurance can be given as to the effect of these events on the value of Partnership investments. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or other outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of the Partnerships.

### **The Coronavirus Aid Relief & Economic Security Act (the “CARES Act”)**

GPB applied for and received two loan disbursements under the CARES Act in the amount of \$10,000 for an EIDL loan as well as \$1,315,320 for the PPP Loan. GPB utilized the proceeds for working capital. On March 23, 2021, GPB submitted its application for the forgiveness of the PPP Loan, and as of October 29, 2021 the SBA forgave the PPP Loan.

In addition, certain Portfolio Companies have received various loans pursuant to the CARES Act.

On February 8, 2021, Signature Bank withdrew \$2,228,984.73 from GPB’s account (no withdrawals were made from any Partnership accounts). On February 9, 2021, Signature Bank sent GPB two notices of default stating that the money was withdrawn as a result of GPB being recently “indicted” by the United States government. Signature Bank claimed such “indictment” provided Signature Bank the authorization to withdraw the funds based on Signature Bank’s determination that the “indictment” would materially and adversely affect GPB. GPB responded by correcting Signature Bank in that GPB had not been indicted. In fact, GPB, while having been named a defendant by the SEC in the SEC Complaint, was at the time of the withdrawal current on its \$2,000,000 term note with Signature Bank and was continuing to operate and manage the Portfolio Companies that produce revenue.

Signature Bank sent corrected notices on February 16, 2021 and stood by its determination that GPB was in default. GPB then filed suit in New York Supreme Court County of New York (the “Court”), GPB Capital Holdings, LLC v. Signature Bank, Index No. 651305/2021, to enjoin Signature Bank from

withholding GPB's funds and requiring Signature to return those funds to the account of GPB immediately. On March 11, 2021, upon a hearing on GPB's filing for a temporary injunction, the Court granted GPB's motion to the extent of directing Signature Bank to place into an escrow account with the Monitor \$1,315,320, representing the amount withdrawn by Signature Bank related to the PPP Loan (the "Escrow").

Pursuant to the Court order if the PPP Loan is forgiven, the Monitor is required to release the Escrow to GPB. If the PPP Loan is not forgiven, the Monitor is required to release the Escrow to Signature Bank. The SBA has now forgiven the PPP Loan in full, and it is anticipated that upon the Monitor's direction Signature Bank will return the PPP Loan funds. If Signature Bank does not cooperate with the Monitor, however, and the PPP Loan funds are not returned to GPB, the lack of access to such funds could negatively impact the investment performance of the Partnerships and Portfolio Companies.

*The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Partnerships. Prospective Investors should read the relevant Partnership's Offering Documents and consult with their own advisers before deciding whether to invest in the Partnerships. In addition, as each Partnership's investment program develops and changes over time, an investment in a Partnership may be subject to additional and different risks.*

## **Item 9: Disciplinary Information**

### **Michael Cohn**

On October 23, 2019, a Federal Grand Jury in the Eastern District of New York indicted Michael Cohn, GPB's then-Chief Compliance Officer ("CCO"). The indictment's allegations stemmed from conduct occurring while Mr. Cohn was employed by the SEC, and prior to his joining GPB. The SEC alleged that Mr. Cohn had obstructed justice by stealing confidential government information and subsequently making unauthorized disclosures. Upon learning of the criminal charges, GPB immediately terminated Mr. Cohn and relieved him of his duties as CCO. GPB also engaged an independent law firm to undertake an internal investigation into the allegations regarding Mr. Cohn. The investigation did not identify any wrongdoing by GPB with respect to Mr. Cohn, based on the information available. On September 8, 2020, Mr. Cohn pled guilty to misdemeanor theft of government property.

GPB was not charged or otherwise implicated in the matter and denies any involvement in any of Mr. Cohn's alleged activity.

### **Regulatory and Governmental Matters**

GPB and certain of its affiliates are the subject of various civil, criminal and regulatory Proceedings as summarized below. GPB seeks to comply with all applicable laws, rules, regulations and cooperate with any investigations into any potential or alleged violation of such laws, rules and regulations. In such situations where GPB disagrees with the allegations, however, GPB intends to vigorously defend itself.

These Proceedings could have a material adverse effect on GPB, the Partnerships and the Portfolio Companies.

### **Federal Matters**

On February 4, 2021, the SEC filed a contested civil proceeding against GPB, Ascendant Capital, AAS, David Gentile, Jeffry Schneider and Jeffrey Lash in the EDNY. No Partnership was named in the SEC Complaint. Mr. Gentile owns GPB and is the former Manager and Chief Executive Officer of GPB. Mr.

Schneider is the owner of Ascendant Capital. Mr. Lash served as GPB's Director and/or Co-Director for Automotive Retail from 2013 through early 2018 and no longer has any association with GPB.

The SEC Complaint alleges violations of the 1933 Act, the 1934 Act and the Advisers Act. The SEC is seeking disgorgement and civil monetary penalties, among other remedies. GPB strongly disagrees with the allegations asserted against it and plans to vigorously defend itself. On March 10, 2021, the Court stayed the SEC Complaint until the conclusion of the criminal Indictment described below, upon a motion filed by the U.S. Attorney's Office for the EDNY.

On February 11, 2021, the EDNY ordered the appointment of Joseph T. Gardemal III, Managing Director of Alvarez & Marsal, as independent monitor in this matter. The Monitor is authorized to approve or disapprove, with respect to GPB, Highline, the Partnerships and the Portfolio Companies:

- (i) material corporate transactions,
- (ii) extensions of credit outside the ordinary course of business,
- (iii) material changes in business strategy,
- (iv) material changes to compensation,
- (v) retention of management-level professionals,
- (vi) distributions to Investors, and
- (vii) bankruptcy filings.

Further, the Monitor is authorized to review:

- (i) finances and operations,
- (ii) historical corporate transactions and compensation of executives,
- (iii) the retention of consultants,
- (iv) financial statements,
- (v) board records, and
- (vi) the status of litigation, and certain other matters.

On February 4, 2021, the criminal Indictment was filed in the EDNY against Messrs. Gentile, Schneider and Lash. The Indictment charges the three individuals with (i) conspiracy to commit securities fraud, (ii) conspiracy to commit wire fraud, and (iii) securities fraud. Messrs. Gentile and Lash were also charged with two counts each of wire fraud. The U.S. Attorney's Office seeks criminal forfeiture for all counts.

### **State Matters**

On May 27, 2020, the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the "Securities Division") filed an Administrative Complaint (the "Massachusetts Complaint") to commence an adjudicatory proceeding against GPB for alleged violations of the Massachusetts Uniform Securities Act. No Partnership is a named defendant in the Massachusetts Complaint. The Massachusetts Complaint alleges, among other things, that the offering documents for several Partnerships included material misstatements or omissions, made false and misleading statements and omitted material facts in connection with the offer and sale of interests in the Partnerships. The Securities Division is seeking both monetary and administrative relief, including disgorgement of all profits and an offer of rescission to Massachusetts residents who purchased interests in the Partnerships. This matter is currently stayed, pending resolution of the criminal Indictment case. GPB strongly disagrees with the allegations asserted by the Securities Division and plans to vigorously defend itself.

On February 4, 2021, seven State securities regulators (for Alabama, Georgia, Illinois, Missouri, New Jersey, New York, and South Carolina, collectively, the "States") filed suit and/or initiated regulatory proceedings against GPB and affiliates. No Partnership is a named defendant in any of the suits. Several of the States' suits also named Ascendant, AAS, Mr. Gentile, Mr. Schneider and Mr. Lash (collectively,

the “State Defendants”) as defendants. These Other State Complaints make various allegations, including but not limited to, that the offering documents for several Partnerships included material misstatements and omissions, and that the State Defendants made false and misleading statements and omitted material facts in connection with the offer and sale of Interests in the Partnerships. The States are seeking both monetary and administrative relief, including disgorgement and rescission. The cases brought by Alabama, Georgia, Illinois, Massachusetts, Missouri, New York, and South Carolina have been stayed pending the conclusion of the criminal Indictment case. New Jersey has voluntarily dismissed its case, without prejudice, to re-file it following the conclusion of the criminal Indictment case.

GPB strongly disagrees with the allegations asserted by the States and plans to vigorously defend itself.

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

GPB personnel provide services to the Partnerships and to the Portfolio Companies. Related Parties are also not precluded from conducting activities unrelated to the Partnerships. GPB employees, officers and directors may, and expect to, receive fees or other compensation from third parties in connection with acquisition activities and such fees and compensation shall be for the benefit of their own account and not for the Partnerships. GPB believes that these other activities will not materially interfere with its and Related Parties responsibilities to the Partnerships. Highline, an affiliate of GPB, also receives compensation for providing services to GPB, the Partnerships and Portfolio Companies.

The Partnerships, regardless of their relationship to the party performing the services, will bear the fees, costs and expenses related to such services. This could create a conflict of interest for the Partnerships. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to GPB or its other affiliates as compared to services provided to the Partnerships and Portfolio Companies, which may result in more favorable rates or arrangements than those payable by a Partnership or such Portfolio Company.

Mr. Gentile served as a member of Gentile Pismeny & Brengel, LLP, now Gentile, Brengel & Lin, LLP (“GB&L”), until November 30, 2014 and continues to receive a fixed payment for several years pursuant to a buy-out agreement between Mr. Gentile and GB&L. GB&L has prepared K-1s for the Partnerships and provided certain other accounting and tax-related services to GPB, the Partnerships and certain Portfolio Companies pursuant to arms-length terms. As of April 2021, GB&L no longer provides any services for the Partnerships, GPB and Portfolio Companies and thus the companies no longer have any relationship with GB&L.

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

##### **A. Code of Ethics**

GPB has adopted a Code of Ethics (the “Code”). Among other things, the Code includes written procedures governing the conduct of GPB’s supervised persons, which include employees of Highline. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by GPB’s Chief Compliance Officer, and/or his designee. GPB will send clients or Investors a copy of the Code upon written request. To receive a copy of the Code, please contact the GPB CCO at [info@gpb-cap.com](mailto:info@gpb-cap.com).

GPB has policies and procedures in place to ensure that the interests of the Partnerships are given preference over those of GPB, its affiliates, and its employees. In addition, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal securities laws.



- B. Investment Recommendations Involving a Material Financial Interest - See Items 8 and 10 above.
- C. Purchase of Same Securities Recommended to Clients

Unless otherwise restricted by a Partnership's Offering Documents, GPB, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it are typically not prohibited from purchasing or having any direct or indirect interest in the same assets as are purchased for Partnerships provided such purchase or interest is in accordance with the Code. The personal asset or securities transactions by advisory representatives and employees may raise potential conflicts of interest when they acquire an interest in a Portfolio Company that is:

- Owned by the Partnership, or
- Considered for purchase or sale for the Partnership.

GPB has adopted the following policies and procedures that are intended to address these conflicts of interest:

- Requiring GPB's employees and supervised persons to act in the client's best interest.
- Requiring GPB's employees and supervised persons to disclose any direct or indirect interest in a Portfolio Company considered for purchase in one or more affiliate Partnerships.
- Requiring GPB's employees and supervised persons to follow GPB's policies and procedures.

## **Item 12: Brokerage Practices**

The Partnerships rarely acquire securities for which execution services need to be provided by a broker-dealer. In the event that a Partnership acquires such securities, GPB would select the broker-dealer consistent with its duty to achieve best execution for the Partnerships. Broker-dealers, to the extent required for any of the Partnerships' transactions, will be selected on a case-by-case basis relying on a number of factors. Such factors may include reputation, client relationships, net price, financial strength and stability, efficiency of execution, and error resolution.

While it is not part of their primary business to engage in the purchase or sale of publicly traded securities, GPB and its affiliates may aggregate (or bunch) the orders of more than one Partnership for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. GPB and its affiliates may combine orders on behalf of the Partnerships with orders for other Partnerships for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, GPB, and its affiliates, generally aggregate trade orders for publicly traded securities so that each participating Partnership will receive the average price for each execution of a transaction.

If an order for more than one Partnership for a publicly traded security cannot be fully executed, an allocation shall be made based upon GPB's procedures for the allocation of investment opportunities.

Currently, GPB has no soft dollar arrangements in place. To the extent GPB enters into any soft dollar arrangements in which it will receive research or brokerage services from a broker-dealer and/or third party, GPB will limit the use of "soft dollars" to obtain services that constitute research and brokerage within the meaning of Section 28(e) of the 1934 Act.

## **Item 13: Review of Accounts**

GPB personnel, the Acquisition Committee and Highline manage and monitor the Partnerships' accounts. The Acquisition Committee members are also responsible for ensuring that any significant change in a Partnership's strategy or in the concentration of a Partnership's assets is appropriate for the Partnership. Highline was formed to assume certain day-to-day duties and responsibilities of GPB with respect to the

management of business affairs, operations and financial reporting of the Partnerships.

In addition to the on-going monitoring of each Partnership's respective portfolio, GPB may perform periodic reviews of each Partnership's respective portfolio to determine, among other things, if there have been material changes in a Partnership's objectives or a material change in how GPB formulates its acquisitions and operational advice.

Each Partnership seeks to deliver to each Investor, as soon as practicable following the end of each fiscal year (i) financial statements for such fiscal year prepared on a GAAP basis and audited by a Public Company Accounting Oversight Board-registered firm, and (ii) all necessary tax reporting information to satisfy reporting obligations under the IRC, with respect to any acquisitions the Partnerships make in any entities organized or formed in jurisdictions outside the United States. In normal course and within a commercially reasonable time after the end of each fiscal quarter, GPB intends to deliver to each Investor an unaudited summary investment report for such quarter. Despite all its intentions otherwise, GPB has in the past, continues and may in the future, in particular due to the Proceedings, be unable to provide the aforementioned reports on a timely basis. Prior issued financial statements for certain Partnerships' have been retracted because the financial statements and the independent accountants' report thereon should no longer be relied upon. In addition, due to regulatory issues, the completion of certain audits have been delayed and GPB has been unable to provide timely quarterly and annual reporting of financial statements.

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

For details regarding economic benefits provided to GPB and/or its affiliates by persons other than the Partnerships, including a description of related material conflicts of interest, please see Items 8 and 10 above. In addition, GPB and related persons will, in certain instances, receive discounts on products and services provided by Portfolio Companies and/or the customers or suppliers of such Portfolio Companies, subject to the Code's pre-clearance and/or reporting requirements.

Although GPB does not currently have any soft dollar arrangements in place, GPB may receive certain research or other services from broker-dealers, which can be considered an economic benefit. Receiving such research and other services may create an incentive for GPB to select or recommend broker-dealers based on GPB's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by GPB on behalf of the Partnerships.

#### **Item 15: Custody**

GPB has custody of the assets of the Partnerships by reason of legal ownership or access and control to such assets because GPB and affiliated entities serve as general partner and/or manager to the Partnerships. However, all Partnership assets and transferable securities are maintained at independent qualified custodians. GPB seeks to comply with the requirements of the Custody Rule, as defined in the Advisers Act. The custody amount of an estimated \$128,452,145 set forth in Part 1 of Form ADV only covers securities and is not indicative of GPB's AUM.

GPB has entered, or will seek to enter, into written agreements with independent public accountants to provide audited financial statements. GPB seeks to provide audited financial statements to each Investor within 120 days following the Partnership's fiscal year, but delays have occurred in the past, are continuing and past audited financial statements have, in certain circumstances, been retracted (including that the financial statements and the independent accountants' reports thereon should no longer be relied upon).

An anticipated completion date for uncompleted audits for the Partnerships has not yet been determined.

#### **Item 16: Investment Discretion**

GPB, either individually or through its affiliates, generally acts as general partner and/or manager for the Partnerships. As such, it will normally have full discretionary authority to act on behalf of the Partnerships in all aspects (subject to the direction and control of the general partner of each Partnership, as applicable), subject to the Partnership's objectives, restrictions and guidelines in the applicable Offering Documents. Services are provided to the Partnerships in accordance with the Offering Documents of the applicable Partnership.

Partnerships generally have very limited restrictions on the types or number of acquisition and operation strategies they may pursue or the kind or range of products in which they may invest. Investors should review the Offering Documents of the applicable Partnership to understand the breadth of investments a Partnership may hold and the extent of any investment restrictions.

#### **Item 17: Voting Client Securities**

Unless provided otherwise in an Offering Documents, GPB will have voting power with respect to a Partnership's securities but it is unlikely that a Partnership would hold any security for which proxies would be solicited. If the situation arises, GPB will monitor for potential conflicts of interest between the Partnerships' interests and its own within the proxy voting process. In keeping with its fiduciary duties, GPB, as general partner and/or manager of the Partnerships has adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that GPB would vote any client's securities in the best interests of each client. When making proxy voting decisions, GPB may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel.

Investors may contact the Investor Relations Team at (877) 489-8484 to find out how GPB has voted any proxies or to obtain a copy of GPB's Proxy Voting Policy.

#### **Item 18: Financial Information**

GPB is not required to provide a balance sheet in response to this Item 18 as it neither requires nor solicits prepayment of fees six months or more in advance.

Although certain Partnerships rely upon, and other Partnerships in the future may require, funds to be advanced by GPB or its affiliates to sustain such Partnerships' operations, GPB is not aware of any financial condition, other than the matters discussed herein, that is reasonably likely to impair its ability to meet contractual commitments to GPB's Partnerships or the Portfolio Companies.

GPB has never been the subject of a bankruptcy petition.