

FORM ADV PART 2A: FIRM BROCHURE

FORMENTERA PARTNERS LP

**300 Colorado Street, Suite 1900
Austin, TX 78701
Telephone: (512) 320-9812**

<https://formenterapartners.com>

March 28, 2023

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF FORMENTERA PARTNERS LP. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (512) 717-7772. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT FORMENTERA PARTNERS LP LLC ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

MATERIAL CHANGES

Formentera Partners, LP (the “Adviser”) has updated this ADV 2A brochure from its Form ADV which was filed on November 3, 2022. This annual amendment updates the description of the business practices of the Adviser and its affiliates.

Currently, the Brochure may be requested by contacting Mr. Blake London, the Adviser’s Chief Compliance Officer at (512) 320-9819.

TABLE OF CONTENTS

MATERIAL CHANGES.....	1
TABLE OF CONTENTS	2
ADVISORY BUSINESS.....	3
FEES AND COMPENSATION.....	4
PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	13
TYPES OF CLIENTS.....	13
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	14
DISCIPLINARY INFORMATION	48
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	48
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	48
BROKERAGE PRACTICES	50
REVIEW OF ACCOUNTS.....	51
CLIENT REFERRALS AND OTHER COMPENSATION.....	51
CUSTODY.....	51
INVESTMENT DISCRETION	52
VOTING CLIENT SECURITIES.....	52
FINANCIAL INFORMATION.....	53

ADVISORY BUSINESS

This brochure has been prepared on the basis of the way Formentera Partners, LP (the “Adviser”) expects to conduct its investment advisory operations once such operations fully commence.

The Adviser is an Austin-based private equity firm, founded in 2020, that focuses on investing in actively producing oil and gas assets and deliver attractive returns across commodity cycles. The Adviser is principally owned by Blake London and Bryan Sheffield.

The Adviser will provide advisory services to a newly formed, privately placed partnership which is exempt from registration under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Investment Company Act”) (the “Fund,” and together with any future private investment fund to which the Adviser or its affiliates provide investment advisory services, the “Funds”). One or more affiliates of the Adviser will serve as the general partners to the Funds (each such entity in such capacity, a “General Partner,” and collectively, together with any future affiliated general partner entities, the “General Partners,” and together with the Adviser and their affiliated entities, “Formentera”). Formentera’s advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a “Memorandum”), investment management agreements, limited partnership or other operating agreements (each, a “Partnership Agreement” and, together with any relevant Memorandum, the “Governing Documents”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” The specific structure and characteristics of the Funds will be described in greater detail in their respective Governing Documents.

Because Formentera’s advisory business is expected to be limited to providing advice to the Funds, in accordance with their respective Governing Documents, and because the investments of each Fund are expected to be limited to private investments as described therein, Formentera generally does not intend to tailor its advisory services to the individual needs of specific investors in the Funds (each, a “Limited Partner” or “investor” and, collectively, the “Limited Partners” or “investors”).

Each General Partner is subject to the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Advisers Act”), pursuant to the Adviser’s registration in accordance with Securities and Exchange Commission (“SEC”) guidance. This Brochure also describes the business practices of the General Partners, which will operate as a single advisory business together with the Adviser.

Formentera’s investment advisory services to the Funds will consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and seeking and arranging dispositions for such investments.

Investors in the Funds participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; such arrangements generally do not and will not create an adviser-client relationship between the Adviser and any such investor. The Funds or the General Partners are permitted to enter into side letters or other similar agreements (“Side Letters”) with certain investors in the Funds that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, from time to time and as permitted by the Governing Documents, Formentera expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-investment vehicles) to current or prospective certain Fund investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Formentera's personnel and/or certain other persons or entities that are associated or have relationships with Formentera. Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-investment vehicle (including a co-investing Fund) are expected to participate on different terms, including purchasing a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio investment (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility.

As of December 31, 2022, Formentera managed approximately \$1,004,233,233 in discretionary assets and \$0 in non-discretionary assets.

FEES AND COMPENSATION

Fund Fees. The fees to be paid to Formentera (and/or its affiliates) by the Fund are generally expected to include (i) a quarterly "Management Fee," equal to a percentage of non-affiliated investor Fund commitments, and (ii) a performance-based distribution, or "carried interest," generally equal to a portion of the distributions made to the investors in the Fund, after the investors have received a return of their invested capital and allocable expenses, plus any agreed upon preferred return, as described in "*Performance-Based Fees and Side-by-Side Management*" below. The calculation, timing and amount such compensation, as well as any adjustments to be made to such amounts, will be agreed upon by the applicable Fund and Formentera, and set out in such Fund's Governing Documents and/or in the investment management agreement between such Fund and Formentera (in the case of any management fee) and in such Fund's Governing Documents (in the case of any carried interest).

Formentera generally is permitted to waive, modify or reduce the Management Fee with respect to any investor or class of investors in a Fund, including Formentera's affiliates, employees or officers.

The Management Fee will be paid by the applicable Fund, and is permitted to be called from investors or paid out of cash that is otherwise distributable to the investors in such Fund, including cash held by such Fund after the disposition of an investment and before the proceeds are distributed to investors (*i.e.*, deducted from the assets of such Fund), or from other cash reserves or income streams held by such Fund. The Management Fee with respect to a Fund is paid in advance on a quarterly basis.

As is generally the case in private equity funds, the Governing Documents provide that a Fund's Management Fees will be calculated and charged on a basis that generally is not tied to the Fund's then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (generally representing the earlier of the end of the Fund's defined investment period and the date the relevant General Partner (or an affiliate thereof) first begins receiving or accruing management fees from another Fund meeting certain criteria) (the "Stepdown Date"), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant Fund that have not been realized or completely written off for U.S. federal income tax purposes.

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. However, where there has been a partial distribution, partial writedown or partial sale of an investment and the fair market value of such investment following such event exceeds the total amount of investment contributions relating to such investment, the Governing Documents do not require Management Fees after the Stepdown Date to be reduced. Following the Stepdown Date, the amount of Management Fees otherwise payable will be reduced based on the ratio of the fair value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s).

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund's net asset value, including following the investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of investments completely written off for U.S. federal income tax purposes. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

In many circumstances, the fair value component of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

INVESTORS AND PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW THE ORGANIZATIONAL AND SUBSCRIPTION DOCUMENTS OF THE APPLICABLE FUND FOR FURTHER INFORMATION ABOUT THE FEES CHARGED TO INVESTORS. SUCH DOCUMENTS ARE AVAILABLE ONLY TO PROSPECTIVE INVESTORS WHO ARE ELIGIBLE TO INVEST IN SUCH FUND, AS DETERMINED IN THE SOLE DISCRETION OF FORMENTERA.

Fund Organizational Expenses. The applicable Fund shall pay or reimburse Formentera for such Fund's "Pro Rata Share" of all "Organizational Expenses" up to an agreed upon amount and any Organizational expenses above such amount shall reduce the Management Fee as set forth in such Fund's Governing Documents.

Partnership Expenses. The Funds shall pay all Partnership Expenses or reimburse the General Partner, the Management Company, the Formentera Operating Company or any Person advancing payment of such expenses. In addition, the Funds, the General Partner, the Management Company or Formentera Operating Company is permitted to charge a Portfolio Investment and/or a potential Portfolio Investment for any expenses (including those of the Formentera Operating Company) to the extent the General Partner reasonably determines such expenses are attributable to such Portfolio Investment and/or potential Portfolio Investment or the Funds' investment or prospective investment therein or liquidation thereof. The General

Partner, the Ultimate General Partner, or the Management Company is permitted to engage placement agents and incur Placement fees.

The Funds will pay or reimburse the General Partner (or any affiliate thereof) for, all other fees, costs, expenses, liabilities and obligations relating to the Funds and/or its subsidiaries' activities, business, portfolio investments or actual or potential investments, whether incurred prior to, or following, the initial closing date, including with respect to any person formed to effect the acquisition and/or holding of a portfolio investment (to the extent not borne or reimbursed by a portfolio investment or potential investment) (such expenses, "Fund Expenses"), including all fees, costs, expenses, liabilities and obligations (referred to collectively as "costs") relating or attributable to: (i) activities with respect to the origination, discovery, identification and sourcing of investment opportunities for the Fund, including marketing activities, buy-side and sell-side finders' fees and other similar deal or investment thesis sourcing payments, attending and sponsoring industry conferences and events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments (including any fees, costs, expenses and/or compensation related to transactions that were or may have been offered to co-investors or pursued with joint venture partners, whether or not any contemplated transaction or project is consummated and whether or not such activities are successful) and developing and maintaining an investment pipeline; (ii) activities with respect to pursuing, structuring, seeking, organizing, negotiating, acquiring, consummating, evaluating, syndicating, studying (including preparing any site, reservoir or market studies and assessments), diligencing, designing, developing (including developing, licensing, implementing, maintaining or upgrading any information technology systems (including any engineering, land, seismic, geophysical or geological reporting tools, databases, hardware or software (including any subscriptions to any periodicals, databases and/or research services (including Petra, Aries, Enverus, IHS Markit, PHDWin, LandPro, PLS, Spotfire, factset, Bloomberg and other services of a similar nature or functionality))), financing, refinancing, bidding-on, hedging, (or entering into any other over-the-counter derivative instruments), holding, managing, owning, monitoring (including monitoring the financial condition and other relevant operating performance metrics of investments and systems related thereto), operating, valuing, trading, dissolving, winding-up, liquidating, restructuring, recapitalizing, leasing, servicing, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving, exchanging or otherwise disposing of, as applicable, the Fund's portfolio investments and its actual and potential investments (including follow-on investments and other transactions involving the deployment of Fund capital and in connection with seeking to qualify as a VCOC (including fees, costs and expenses attributable to structuring the Fund to qualify or preserve the ability to qualify, or structuring any acquisition financing or other transaction with respect to such person to qualify or preserve the ability to qualify, as a VCOC and maintain such qualification)) or seeking to do any of the foregoing (including any associated legal, financing, banking, commitment, transaction or other costs payable to advisors, attorneys, accountants, tax professionals, investment bankers, expert networks, geologists, landmen, engineers (including petroleum engineers), lenders, financing sources, industry and/or due diligence experts, third-party diligence and deal-sourcing providers, software and service providers, advisors, consultants, data-scientists (including health, safety, environmental, social and governance consultants), executive search firms for searches related to portfolio investment personnel, data providers, title companies and similar professionals in connection therewith and any costs related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (iii) indebtedness of, or guarantees made by, the Fund, the Management Company, the General Partner or any "affiliated partner" on behalf of the Fund and/or involving any portfolio investment (including any credit facility, margin loan, letter of credit or similar credit support or any indebtedness entered into pending participation by a co-investor in an investment), including the repayment of principal and interest with respect thereto, or evaluating, negotiating or seeking to put in place any such indebtedness or guarantee; (iv) structuring (including the tax structuring during the organizational process) of the Fund, the General Partner, any parallel fund and any general partner or other control person of any parallel fund; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private

placement, sales, investment banker, finder and similar services; (vi) brokerage, sale, custodial, depository, local paying agent, agent bank and other bank, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to AIFMD and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction); (vii) legal, accounting, research, auditing (including independent reserve reports), technology, administration (including costs associated with compliance with any anti-money laundering laws and regulations and any third-party administrator and administration, tracking or reporting software or other technology or technology support, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness and solvency opinions, appraisals or pricing or data provider services as well as costs related to the establishment or maintenance of such services and subscriptions to any valuation databases), research, consulting or other specialty services (including consulting and retainer fees, salary and other compensation paid to, and benefits or personnel costs provided to or on behalf of, advisors and consultants (including executive partners and third-party operating consultants) performing investment initiatives or providing services related to health, safety, environmental, social and governance investment considerations and policies and other consultants), industry executives and subject matter experts performing investment initiatives or providing other services (including services related to environmental, social and governance investment considerations and policies), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services (including costs associated with any SOC (Service Organization Controls Report) Type I or II control testing and reporting or similar services)); (viii) reporting, filings and other ongoing compliance requirements contemplated by any European, UK or other law, rule or regulation (excluding the initial and/or preliminary registrations, filings and compliance obligations related thereto under the AIFMD), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (ix) developing, structuring, maintaining, operating and winding up administrative structures in Luxembourg, other European countries and other jurisdictions that are put in place to establish required residence and/or operate the investment activities of the Fund (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith and the Fund's share of any such costs of any such structure involving other persons); (x) reverse breakup, termination and other similar arrangements; (xi) financing, commitment, origination and similar activities; (xii) insurance (including directors and officers liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory costs, including any costs related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (xiii) filing, title, transfer, survey, registration and other similar activities; (xiv) printing, communications, mailing, courier, marketing and publicity; (xv) the financial, tax, administrative, compliance or U.S. or non-U.S. regulatory filings, reports, matters or functions and systems related thereto, including preparation, distribution or filing of financial statements or other reports, notices, tax returns, tax estimates, Schedules K-1 or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including (A) any filings required under applicable securities laws or similar regimes, (B) any forms, schedules, reports, filings, information or other documents prepared with respect to applicable tax and other authorities or any financial account reporting regime, including FATCA, the Common Reporting Standard issued by the OECD and any other comparable and/or applicable non-U.S. and U.S. laws, rules or regulations, (C) any reports to be filed with applicable commodities and/or trading commissions or regimes, (D) Form PF and any filings or reports contemplated by Bureau of Economic Analysis Reports and any administrative, regulatory, reporting, filing or other compliance requirements (other than the initial registrations, filings and compliance contemplated by the AIFMD or similar law, rule or regulation) or other information, documents and other costs arising in connection with any U.S. or non-U.S. jurisdiction related to marketing, offering, selling, holding, owning or disposing of interests in the Fund, including fees and expenses of any third-party service providers and professionals (including depositories, attorneys, agents and representatives) related to the foregoing, and/or (E) tax

returns (including preparing, reviewing and filing of the General Partner's tax returns), tax estimates, Schedules K-1 or similar forms or other communications with Partners), or other information (including any licensing, maintenance, upgrade and/or implementation costs of any investor administrative tools (including software and extranet tools) related to the foregoing) or other information, including costs of any third-party service providers and professionals related to the foregoing; (xvi) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xvii) developing, licensing, implementing, maintaining or upgrading any web portal, investor portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative, valuation information gathering or reporting tools or services (including subscription-based services), and any databases or other forums hosted on a website designed by the General Partner for the benefit of the Fund or the Limited Partners; (xviii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs incurred in connection with compliance with all applicable legislation and regulation relating to the protection of personal data in force from time to time in any applicable jurisdiction, including the General Data Protection Regulation (EU 2016/679) (as amended) and the Freedom of Information Act, 5 U.S.C. § 552), or related to encryption, cybersecurity software and subscription services, data and/or network protection and other cyber risks; (xix) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, proceedings and activities of the Advisory Board (including any out-of-pocket costs incurred by representatives of the General Partner, the Advisory Board members, permitted observers and other persons in attending or otherwise participating in meetings of the Advisory Board); (xx) indemnification (including legal costs and any other costs incurred in connection with indemnifying any Partner or other person pursuant to the Partnership Agreement or otherwise and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xxi) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of any discovery related thereto, any costs associated with an indemnified person's appearance as a witness or other participation in connection therewith and any judgment, other award or settlement entered into in connection therewith; (xxii) any taxes, fees and other governmental charges levied against the Fund and/or any alternative investment vehicle and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund and/or any alternative investment vehicle (except to the extent that the Fund is reimbursed therefor by a Partner or such tax, fee or charge is treated as having been distributed to the Partners pursuant to the Partnership Agreement) and any costs of or related to the "partnership representative" of the Fund and, where applicable, its "designated individual"; (xxiii) any annual Limited Partner meeting or other periodic or special meeting (if any) of the Limited Partners, any other conference, meeting, webcast or other video conference with any Limited Partner(s) and any periodic meeting, training program, and/or event involving portfolio investment management and/or other persons, in each case, to the extent incurred by the Fund, the General Partner, the Management Company or any of their respective affiliates (in each case, including any costs associated with venue, set up, room and board, dining, entertainment, gifts and mementos, honorarium, events, speakers, meals, activities and other meeting or conference-related costs); (xxiv) except as otherwise set forth in the Partnership Agreement, compliance or regulatory matters, including (A) compliance with the Partnership Agreement and/or any Side Letter, and (B) costs incurred in connection with the most-favored nations process relating to any side letter; (xxv) except as otherwise determined by the General Partner in its sole discretion, any cost relating to any alternative investment vehicle (including its formation, operation, termination, dissolution, winding up, liquidation, structuring and restructuring or its activities, business, portfolio investments or actual or potential investments (to the extent not borne or reimbursed by a portfolio investment of such alternative investment vehicle)) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, including the formation, termination, winding-up and dissolution of any alternative investment vehicle and any costs

incurred in connection with the formation, management, operation, termination, winding up, liquidation, structuring, restructuring and dissolution of any feeder vehicles, in each case, to the extent not paid by the investors investing in such entities and any other costs related to any structuring or restructuring of the Fund, any investment, any alternative investment vehicle or investment of any alternative investment vehicle and/or their respective subsidiaries or affiliated entities; (xxvi) any intermediate entity or its activities; (xxvii) the maintenance, termination, liquidation, winding up, structuring, or dissolution of the Fund and any persons owned directly or indirectly by the Fund (including portfolio investments) and related entities (including costs incurred in connection with the organization, operation, restructuring and/or termination of any such persons); (xxviii) defaults by Partners in the payment or timely payment of any capital contributions; (xxix) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, any entities owned directly or indirectly by the Fund (including portfolio investments), any alternative investment vehicle of the Fund and the General Partner and related entities, including the preparation, distribution and implementation thereof; (xxx) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering (including any validation of any payments made in connection with any voluntary or compulsory review), sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partner or any of its affiliates incurred in connection with the operation of the Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the General Partner and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to the Fund or the General Partner (including pursuant to or otherwise in connection with any voluntary or compulsory review (including as a result of any anti-money laundering laws, rules or regulations)); (xxxi) any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, awards, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement; (xxxii) any consultants, third-party experts or advisors, including independent appraisers engaged by the General Partner or any of its affiliates, including in connection with the Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more other investment vehicles (other than the Fund) managed or controlled by the General Partner or any of its affiliates; (xxxiii) unreimbursed costs incurred in connection with any transfer or proposed transfer by a Limited Partner or any Limited Partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxxiv) distributions to the Partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxxv) any attorneys, accountants, administrators or third-party providers relating to the foregoing (including costs of in-house professionals and related administrative personnel, including personnel of the Management Company or an affiliate thereof responsible for conducting portfolio reconciliation, portfolio compliance and reporting or otherwise for implementing, maintaining and supervising the procedures relating to the books and records of the Fund); (xxxvi) any travel (including air travel (including, where appropriate as determined by the General Partner, the cost of using private aircraft or other private air travel (including the use of a private aircraft owned or partially owned by the Management Company, any of its affiliates or any of their respective owners), provided that (x) the General Partner determines in its sole discretion that substantially commercial air travel was unavailable or not available on a commercially reasonable basis, or (y) if such commercial air travel was available, then the amount of such costs for which the Fund shall be responsible shall be limited to the cost of such available first class air travel), car or ride sharing services or other modes of transportation, meals, lodging and entertainment) and other meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxvii) gifts or mementos given to Limited Partners, portfolio investment management or personnel and/or other Fund constituents; (xxxviii) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner, the Management Company or any of their respective affiliates at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs; (xxxix) costs relating to hiring consultants or portfolio investment

management or personnel (including executive search firms, consultants, headhunter fees, background checks and/or relocation costs); (xl) all costs associated with operating a feeder vehicle which invests all or substantially all of its assets in the Fund, including all costs associated with its management, operation, winding-up, liquidating and dissolution and with preparing and distributing such feeder vehicle's financial statements, tax returns and feeder vehicle limited partner reports, but not including any income based or similar taxes, fees or other governmental charges levied against such feeder vehicle; (xli) any costs of the type otherwise included in this definition of "Fund Expenses" payable in respect of Warehoused Investments (as such term is defined in the Partnership Agreement), including as set forth in the Partnership Agreement; (xlii) Formentera Asset Expenses (as defined below); (xliii) any of the items listed in clauses (i) - (xlii) above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors or pursued with joint venture partners (including such persons' proportionate share of any expenses related to an investment or other opportunity not consummated); (xliv) any Organizational Expenses; (xlv) any Placement Fees; (xlvi) the Management Fee; and (xlvii) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board.

Formentera Asset Services include the following operator and non-operator services to, or in connection with, the Fund's portfolio investments and/or potential portfolio investments: (i) surveying, staking and preparing new surface locations, (ii) drilling, casing, completing and turning in line wells; (iii) providing, monitoring, reviewing, evaluating and supervising field and production operations; (iv) marketing oil and gas production; (v) coordinating and collecting production sales and volumes; (vi) maintaining well records and reports; (vii) preparing, distributing, filing and maintaining regulatory, production and other records and reports; (viii) paying any shut-in royalties, minimum royalties, delay rentals and other lease obligations; (ix) processing and distributing division orders; (x) providing accounting services; (xi) providing geological services; (xii) implementing, maintaining and overseeing banking, treasury management and debt facilities; (xiii) conducting AFE reviews and maintaining reserve records and reports; (xiv) acquiring, modifying, maintaining, removing or transporting materials, property, assets, equipment and facilities; (xv) establishing, maintaining and supporting any information technology systems (including SCADA, measurement, nomination/scheduling, marketing, network, communication and accounting systems); (xvi) complying with ecological, environmental and safety laws, regulations, rules, policies or standards; (xvii) legal, land, title, regulatory and other similar matters; (xviii) shutting-in, plugging, abandoning or otherwise ceasing the operation of any well; (xix) acquiring permits and certifications and training and/or transporting personnel; (xx) any other activities that are necessary, appropriate or desirable to operate, maintain or dispose of the Fund's investments as determined by the General Partner in its sole discretion; (xxi) other customary services in the upstream energy sector as determined by the General Partner in its sole discretion; and/or (xxii) paying salaries and wages, incentive compensation and other customary allowances to hire, retain or otherwise engage persons to perform any of the foregoing.

Pursuant to the Partnership Agreement, fees, compensation, costs and expenses associated with providing or rendering the Formentera Asset Services, including certain travel costs and any direct or indirect fees, costs, expenses or charges associated with the Formentera Asset Services, will be paid and/or reimbursed by applicable portfolio investments and/or the Fund as Formentera Asset Expenses, which Formentera Asset Expenses will not offset or otherwise reduce the Management Fee and will not otherwise be shared with the Fund or the Limited Partners. Other than any expense reimbursements, amounts paid by the Fund and the portfolio investments in respect of Formentera Asset Expenses will not be shared with the General Partner or the Management Company. Formentera Asset Expenses will include the following: (i) any amounts associated with salaries and wages, incentive compensation, vacation, and other customary allowances for the officers, employees, contractors, operating partners and other personnel of the Formentera Operating Company; (ii) insurance, office rent, utilities and maintenance; (iii) office furniture, supplies and technology; (iv) network connectivity; (v) lease rentals and royalties; (vi) equipment rentals and repairs; (vii) any legal, transaction or other fees and expenses payable to attorneys, accountants or other

professionals; (viii) environmental studies; (ix) land brokers; (x) complying with ecological, environmental and safety laws or standards; (xi) complying with existing or future governmental regulations; (xii) establishing, organizing, maintaining and removing equipment and facilities; (xiii) abandoning a well; (xiv) assessments, permits, certifications, training personnel and maintaining applicable licenses and memberships; and (xv) transporting personnel, material or property.

Allocation of Expenses. The Fund will pay and bear costs and expenses related to its operations. The amount of these costs and expenses will be substantial and will reduce the actual returns realized by the Limited Partners on their investment in the Fund. As described above under “Fund Expenses” and the Partnership Agreement, the fees, expenses and costs borne by the Fund encompass a broad range of items and activities. The General Partner and its affiliates may from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Fund, co-investors and one or more Other Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment or attributable to a particular asset generally will be charged to the applicable portfolio investment; however, fees, costs, and expenses attributable to a particular asset may be allocated to one or more portfolio investments in such manner as the General Partner considers in good faith to be fair and equitable. To the extent such fees, costs and expenses are not charged to a portfolio investment, whether because the investment is unconsummated or for another reason, the Fund typically will bear such fees, costs, and expenses unless the General Partner determines otherwise, (factors relevant to the General Partner’s determination include, among others and as applicable, the investment strategies and other characteristics of the participating funds and the stage of the investment process at which progress ceased). There can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Any such determinations may involve inherent matters of discretion and conflicts of interest. Notwithstanding the foregoing, the General Partner and its affiliates may in the future develop policies and procedures to address the allocation of expenses that differ from its current practice.

Moreover, Formentera and Formentera Personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Fund that will not be subject to Management Fee offset or otherwise shared with the Fund, Limited Partners and/or portfolio investments. For example, airline travel or hotel stays incurred as Fund Expenses may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Formentera and Formentera Personnel (and not the Fund, Limited Partners and/or portfolio investments) even though the cost of the underlying service is borne by the Fund and/or portfolio investments. From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by the Fund, on the one hand, or the General Partner, the Management Company or their affiliates, on the other, and/or whether certain costs and expenses should be allocated between or among the Fund, on the one hand, and Other Funds and/or co-investors, on the other hand. The General Partner will make such judgments in accordance with the relevant governing agreements, which will from time to time lead an allocation of such costs and expenses other than on a proportionate basis. To the extent the relevant governing agreements are silent on a certain expense, such judgments will be made by the General Partner in its sole discretion. Travel and related expenses in connection with a trip taken by Formentera Personnel for purposes of multiple matters will be allocated by the General Partner in its sole discretion.

In addition, the Fund, through portfolio investments or directly, may bear the cost, including compensation, of directors, executives or consultants to portfolio investments, which may include former Formentera Personnel, in connection with management or consulting services provided by such persons. Such compensation is permitted to take the form of equity grants in portfolio investments. Any such cost will not offset or otherwise reduce Management Fees. Because such persons may be former Formentera Personnel, the General Partner has a conflict of interest approving such arrangement, although it seeks to do so generally at market rates for the services provided. There can be no assurance, however, that such rates are the lowest cost available.

Expense Reimbursement. The operator of a portfolio investment typically will reimburse the Formentera Operating Company or service providers retained at the Formentera Operating Company's discretion or influence for expenses (including travel expenses) incurred by the Formentera Operating Company or such service providers in connection with the performance of services for such portfolio investment. In addition, to the extent that the Formentera Operating Company or another affiliate of Formentera is the operator of an oil and gas asset, the Fund or applicable portfolio investment may, at times, reimburse the Formentera Operating Company or such affiliate for such expenses incurred in connection with the performance of oil and gas services for a portfolio investment, and such amounts will be in addition to, and will not otherwise reduce or offset, the Management Fee and will not be shared with the Fund or the Limited Partners. This subjects the General Partner, the Management Company, Formentera Operating Company and their respective affiliates to conflicts of interest because the Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Partnership Agreement and its internal reimbursement policies and practices, the General Partner determines the amount of these reimbursements for such services in its own discretion.

Transaction and Other Fees. Formentera expects to receive certain "Transaction Fees" with respect to a Fund's portfolio investments and, subject to the terms and conditions of such Fund's Governing Documents, it is anticipated that certain Transaction Fees will reduce the Management Fee payable by such Fund. Transaction Fees means an amount equal to 100% of (i) all closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, directors' fees and other similar fees (whether in the form of cash, securities or otherwise) received by any Formentera Person from any Portfolio Investment or prospective Portfolio Investment in respect of the Partnership's investment or prospective investment therein (but with respect to non-cash consideration, only to the extent of the net cash proceeds thereof as and when received by any Formentera Person), in each case, less (ii) any amount necessary to reimburse the Formentera Persons for all unreimbursed costs and expenses (other than ordinary overhead and administrative expenses) incurred by them in connection with any consummated or unconsummated transactions or in connection with generating any such fees, but not including (A) any amount received by a Formentera Person or other Person from a Portfolio Investment or other Person as reimbursement for expenses directly related to such Portfolio Investment or prospective investment, or as payment for services provided to any Portfolio Investment in its ordinary course of business or as compensation for services provided by such Person as an employee of or in a similar capacity for such Portfolio Investment or any of its subsidiaries, (B) Formentera Asset Expenses, and (C) to the extent approved for such treatment by the Advisory Board, any other fees or expenses.

Fund Operating Expenses. As detailed in the applicable Fund's Governing Documents, such Fund shall pay all Fund operating expenses or reimburse Formentera, or any person advancing payment of such expenses.

Certain Operating Expenses. As detailed in the applicable Governing Documents of the Funds, an affiliate of the Adviser (the "Formentera Operating Company") is expected to perform certain operations management and related services on behalf of the Funds' portfolio investments that would otherwise be performed by third party operations management services providers and/or officers, employees and consultants retained by such portfolio investments. Formentera's senior level operations and asset management personnel will generally be directly employed by Formentera, which Formentera believes will allow for a streamlined cost structure for the Funds. All asset level employees will be employed or retained by the Formentera Operating Company and report to the relevant General Partner. Each Fund (or its respective portfolio investments) will pay or reimburse the Formentera Operating Company for fees, costs and expenses incurred in connection with providing such services to such Fund (including compensation of personnel and overhead expenses as detailed in the applicable Fund's Governing Documents). Any such

compensation or reimbursements to the Formentera Operating Company will not constitute “Transaction Fees” with respect to a Fund and will not reduce or otherwise offset the Management Fee payable by such Fund.

PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser, the General Partner, or an affiliate are anticipated to receive performance-based “carried interest” distributions from a Fund upon distribution of proceeds from such Fund’s realized investments, as described in greater detail in such Fund’s Governing Documents. Generally, these distributions (if any) are determined after the investors in the Fund have received distributions in an amount generally equal to a return of their contributed capital plus an agreed “preferred return” amount on their unreturned capital contributions.

Formentera generally is permitted to waive, modify or reduce the carried interest or other performance-based compensation due to Formentera (and/or its affiliates) with respect to any investor or class of investors in a Fund, including Formentera’s affiliates or employees. Such carried interest allocation is intended to comply with Rule 205-3 under the Advisers Act.

Conflicts of Interest Related to Performance-Based Compensation. This carried interest allocation is expected to create an incentive for Formentera to make investments that are riskier or more speculative than would be the case in the absence of the carried interest allocation, although Formentera generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund’s life or at certain interim intervals. The possibility of this incentive to make riskier or more speculative investments is offset, in part, by the fact that the carried interest allocation is generally calculated only after investors have received as distributions 100% of their capital contributions plus an agreed upon investment return. Prior to making a commitment to the Fund which charges a performance-based fee, Fund investors will be provided with information disclosing how Formentera receives the carried interest allocation and how the carried interest allocation may increase investment risk.

TYPES OF CLIENTS

Formentera provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to Formentera’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act.

Interests in the Funds will be offered privately to a limited number of sophisticated investors, including institutional investors, pooled investment vehicles, privately-owned businesses, trusts, family offices and high net worth individuals and such investors may from time to time include, directly or indirectly, principals or other employees of Formentera and members of their families, or other service providers retained by Formentera. Fund investors generally must qualify as (i) “accredited investors,” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended, and (ii) “qualified clients,” within the meaning of Rule 205-3 under the Advisers Act.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

A Fund generally has a minimum investment amount of \$2 million for third-party investors. Formentera generally is permitted to waive such minimum investment amount.

The relevant General Partner is permitted to enter into Side Letters with certain investors in the Funds, which would have the effect of establishing rights under, altering, or supplementing the terms (including the economic terms) of the Governing Documents of the applicable Fund, in a manner more favorable to such investor than those applicable to other investors in such Fund. Such rights or terms pursuant to such agreements may include, without limitation, access to additional information, more favorable liquidity and/or transfer terms, or other rights or terms deemed necessary in light of particular legal, regulatory or tax characteristics of an investor.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Formentera's strategy centers on purchasing producing, non-operated oil and gas assets at an attractive discount to provide visible and predictable risk adjusted cash returns. Formentera will target assets that offer visible long-term cash flow with undeveloped land potential.

Formentera intends to target three to five plus deals in each Fund. Assets in a Fund will ideally span two to three basins and target a balanced portfolio of oil and gas production. This creates a call option on both commodities through upside in the value of unhedged production and the monetization or development of undeveloped land which had zero assigned value at the time of purchase.

Formentera will use moderate accretive leverage to maximize Fund and investor returns. Rather than utilize a more standard asset backed facility structure utilized by most producers, Formentera plans to use a fixed payment, amortizing loan. Furthermore, hedging is a key part of Formentera's strategy to increase the predictability of the Funds' cash flows. Formentera plans to initial hedge commodity price and basis risk by asset for four to five years depending on the availability.

Formentera has full in-house diligence and technical capabilities and preforms an extensive diligence process on each investment opportunity. The main focus of this process is verifying forecasted production by well utilizing provided type curves/forecasts by area, historical production data and public offset well data. This ensures forecasted production curves are in line with historical curves or adjusted appropriately. Additional technical diligence focuses on reviewing upside opportunities and various monetization strategies. The Formentera technical team does a complete review of all undeveloped locations, infill drilling opportunities, potential recompletions, behind pipe locations and bolt-on acquisitions to determine potential upside returns in different commodity scenarios.

Investors and prospective investors should carefully review the organizational and subscription documents of the relevant Fund for further discussion of the Fund’s investments and terms. Such documents are available only to current investors or prospective investors who are eligible to invest in such entities, as determined in the sole discretion of Formentera. There can be no assurance that Formentera will achieve the investment objectives of any Fund and a loss of investment is possible.

Risks of Investment

Each Fund and its investors bear the risk of loss that Formentera’s investment strategy entails. The risks involved with the Adviser’s investment strategy and an investment in a Fund include, but are not limited to:

Business Risks. A Fund’s investment portfolio is expected to consist primarily of privately held non-operated oil and gas related assets, including oil and gas reserves, leasehold interests, working interests, net profits interests, mineral interests and royalty interests, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risks that can result in substantial losses.

Concentration of Investments; Lack of Diversification. Each Fund will participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment or within a short period of time) and, as a consequence, the aggregate return of a Fund may be materially affected by the performance of a single investment or a single industry segment. A Fund will focus primarily on upstream investments in the energy industry. While Formentera has extensive experience within this industry, the ultimate performance of the Fund’s investments cannot be predicted with certainty. Although a General Partner will attempt to minimize risk, a Fund’s actual returns will be subject to numerous factors beyond a General Partner’s control, including natural causes, governmental regulation, competing responses to population growth, economic development, and increased urbanization, the successful implementation of measures to counter any of the foregoing, whether by way of political will, the development of new technologies for that purpose or otherwise, and consumer needs and preferences. In addition, a Fund may participate in a limited number of investments within the upstream sector of the energy industry and, as a consequence, the aggregate returns to a Fund may be substantially adversely affected by the unfavorable performance of even a single investment. To the extent the Fund concentrates its investments in a particular issuer, security, producing basin, geographic region or type of geological play, such investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect to that issuer, security, geographic region or geological play. If a Fund co-invests with another private equity fund, a Limited Partner that also has invested in such other fund may have exposure to a single portfolio investment through more than one fund, potentially multiplying such Limited Partner’s losses. In addition, during the early stages of a Fund’s term, a Fund may hold more concentrated positions than it otherwise would.

Highly Competitive Market for Investment Opportunities Generally. The business of identifying and structuring transactions in the energy industry is highly competitive and is expected to remain highly competitive during the term of a Fund. A number of investment partnerships and corporations, strategic industry acquirers and other financial investors, including new and established hedge funds and private equity funds, industrial groups, project developers and operators, strategic investors and commercial, investment and merchant banks, investing directly or through affiliates (collectively, “Competitors”), some of which have more generalized investment capabilities than a Fund, are active in, or have entered into, the energy industry within the last several years as capital needs in the industry have increased and investment returns in other industries have decreased. As global efforts are made to respond to anticipated future

population growth, economic development and increased urbanization, and the effects of each of them, the number of funds and other sources of investment capital that have similar investment objectives to the Fund, or that target similar investment opportunities, is likely to increase. Some Competitors may have more relevant experience, more personnel, greater financial and strategic resources and/or purchasing power, greater negotiating power, a greater willingness to take on risk, the ability to provide financing and other operational assistance on more favorable terms and/or more personnel than a General Partner, a Fund and their respective affiliates. In addition, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Therefore, identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, and competition for such opportunities may become more intense. This may adversely affect the terms upon which the Fund makes investments, decrease the number of suitable investment opportunities and inhibit the Fund's ability to satisfy its investment objectives. To the extent that the Fund encounters competition for investments, the terms upon which investments can be made may be adversely impacted and returns to Limited Partners may decrease.

Unspecified Investments. Limited Partners will be relying on the ability of the relevant General Partner to locate and evaluate the investments to be made by a Fund using the proceeds of this offering. The business of identifying, structuring, completing and realizing investments in the upstream oil and gas sector involves a high degree of uncertainty and is subject in some cases to the prevailing capital market and regulatory or political environment. There can be no assurance that a General Partner will be able to identify, or such Fund will be able to complete, portfolio investments that satisfy such Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values or that a Fund will be able fully to invest the Limited Partners' capital commitments to such Fund (the "Commitments").

Lack of Sufficient Investment Opportunities. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the capital commitments of the Limited Partners are invested (or drawn down to be invested), the Limited Partners will be required to bear management fees through such Fund during the commitment period based on the entire amount of the Limited Partners' capital commitments to such Fund and other expenses as set forth in such Fund's Governing Documents. A General Partner may be unable to identify a sufficient number of attractive and suitable investment opportunities for a Fund to meet its investment objectives. Further, Competitors may make competing offers for investment opportunities that a General Partner identifies, and even after a preliminary agreement has been reached by a Fund with respect to an investment opportunity, consummating the transaction may be subject to substantial uncertainties, only some of which are foreseeable or within the control of a General Partner. Although a General Partner believes that significant investment opportunities currently exist within a Fund's target market, there can be no assurance that the Fund will be able to identify and consummate a sufficient number of opportunities to permit the Fund to invest all of the Commitments, to diversify its investments to the extent targeted by a General Partner or to satisfy a Fund's investment objectives. A General Partner expects that competition for appropriate investment opportunities will remain high and may continue to increase, which would increase the likelihood that a Fund would participate in auctions for investments, the outcome of which cannot be guaranteed. As a result, the Fund may experience difficulty identifying and consummating investments, and the terms upon which investments can be made may be adversely affected. To the extent that a Fund encounters significant competition for investments, returns to Limited Partners would be expected to decrease. In addition, it is possible that a Fund will never be fully invested if enough attractive investments are not identified and consummated. Regardless of the extent to which the Commitments of the Limited Partners are invested, the Limited Partners will be required to bear

management fees through the Fund during the relevant investment period based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the relevant partnership agreement even if a Fund fails to make any investments.

Not only is there increased competition for investment opportunities, there also is increased competition for service providers necessary to implement A Fund's investment objectives, including those providing engineering, operating and other necessary services. As a result, a Fund could experience difficulty in portfolio investment exploitation, expansion and development activities. To the extent that a Fund encounters significant competition in connection with any aspects of acquiring, developing, operating and/or disposing of its projects, returns to Limited Partners could decrease.

Failure of Counterparties to Perform Obligations. In its ordinary course of business, the Firm relies on various counterparties, which include, but is not limited to, brokers, dealers, banks, custodians, and administrators ("Counterparties"). These Counterparties, with which the Firm does business and on behalf of a Fund, may, from time to time, default on their obligations with or without notice. Such defaults include, but are not limited to, a Counterparty's bankruptcy, insolvency, or other failure. A Counterparty's default on their obligations may impact the Firm's or the Fund's ability to conduct its business in the ordinary course. There is a risk of loss of assets on deposit at the Counterparty. Although government agencies or other organizations provide insurance coverage to depositors in the event of a Counterparty failure, coverage is limited to a specified amount and subject to rules and regulations. Prior events where a government agency or other organization stepped in to make depositors whole over their excess deposits at select Counterparties, which may or may not have a current or prior relationship with the Firm or the Fund, should not be construed as a guarantee that such action will be taken in the future. There is no guarantee that any excess deposits are recoverable. In the event of a Counterparty's default, the Firm will work diligently to access its capital and take actions it deems appropriate while acting in the best interest of the Fund. However, the Firm's access to capital is subject to a variety of external factors that are outside of the Firm's control, including the timing of default, a government agency's or other organization's actions, including the timing of the Counterparty's closure, ability to liquidate the Counterparty's assets, or to effect the Counterparty's sale or dissolution, unforeseeable economic factors or market conditions, and the Counterparty's technology infrastructure operating as intended to facilitate access. Furthermore, the Firm's ability to access capital may have an impact on the Firm's and the Fund's ability to conduct operations in the normal course including, but not limited to paying expenses, funding investment opportunities resulting in delayed or missed opportunities, and calling capital from or making distributions to limited partners. Deposits concentrated at one or a limited number of Counterparties may amplify these risks.

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

Leveraged Investments. A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often

imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Formentera or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

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

Subscription Lines. A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A General Partner is authorized to use Fund-level

borrowing to pay Management Fees and to reimburse Formentera for expenses incurred on behalf of the relevant Fund. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to Formentera with respect to such investment.

Uncertainty of Projections. Projected operating results of an investment in which a Fund invests normally will be based primarily on financial projections. In all cases, projections are only estimates of future results that are based upon information received from the investment and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections. The Funds may use financial projections to help analyze a potential investment, future capital raises and financing for portfolio investments, or for other transactions. Such projections are only estimates of future results that are based upon information received from or with respect to a portfolio investment and third parties and assumptions made at (in whole or in part) the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio investment to realize projected values. There can be no assurance that the results set forth in any projections will be attained, and actual results may differ significantly from projections.

Risks Relating to Due Diligence of and Conduct at Portfolio Investments; Expedited Transactions. Before the Funds make an investment, the General Partner often will conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to such investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, geophysical, geological, environmental and legal issues. Outside consultants, legal advisors, accountants,

geologists, engineers, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and the General Partner may rely on the advice received from such third parties. Investment analyses and decisions by the General Partner will often be undertaken on an expedited basis in order for the Funds to compete for investment opportunities and/or consummate investments. In such cases, the information available to the General Partner at the time of an investment decision may be limited, and the General Partner may not have access to the detailed information necessary for a full evaluation of an investment opportunity. The due diligence investigation carried out with respect to any investment opportunity is unlikely to reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or ensure a return of or on invested capital.

Need for Follow-On Investments. Following its initial investment in a given portfolio investment, the Adviser may decide to provide additional funds to such portfolio investment or may have the opportunity to increase its investment in a portfolio investment, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that any Fund will make add-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio investment in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Fund to increase its participation in a successful operation or the dilution of the relevant Fund's ownership in a portfolio company if a third party or co-investor is permitted to invest.

Additional Capital. Certain of a Fund's portfolio investments, especially those in a development or "platform" phase, may be expected to require additional financing to satisfy their working capital requirements or exploration, development and production strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio investment. Each such round of financing (whether from a Fund or other investors) is typically intended to provide a portfolio investment with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, such portfolio investment may have to raise additional capital at a price unfavorable to the existing investors, including a Fund. In addition, a Fund may make additional investments in such portfolio investment in order to preserve the Fund's proportionate ownership when a subsequent financing is planned, or to protect a Fund's investment when such portfolio investment's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of a Fund or any portfolio investment. There can be no assurance that any portfolio investment will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

General Economic and Market Conditions. The upstream oil and gas sector generally, and the success of the Fund's investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls and U.S. and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by a General Partner. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions and/or the oil and gas industry. General fluctuations in the market prices of securities, commodity prices and economic conditions generally may reduce the availability of attractive investment opportunities for the Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates, commodity prices or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of a Fund's portfolio investments. A Fund's performance can be affected by

deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007, the downgrading of the credit rating of the United States in 2011, the decline in oil and gas prices that began in the fourth quarter of 2014 or the precipitous decline in economic and commercial activity across almost all of the world's largest economies during 2020 as a result of the COVID-19 pandemic, which, among other things, can impact the public market comparable earnings multiples that are frequently used to value privately held portfolio investments and investors' risk-free rate of return. Movements in foreign exchange rates and commodity prices may adversely affect the value of investments in portfolio investments and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the net income produced by the Fund's investments and the ability of a Fund to sell and/or partially dispose of its investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to a lender's unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that a General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to obtain funding to support its investment objectives. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage and may be magnified by the expected limited geographic and industry diversity of a Fund's investments.

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

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

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and Formentera may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Terrorist Activities. Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial markets, global economies and the market for hydrocarbons and could prevent the Fund from meeting its investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and natural disasters have created many economic and political uncertainties in the past and may do so in the future, , which may adversely affect the United States and world financial markets and a Fund for the short or long-term in ways that cannot presently be predicted.

Energy and Natural Resources Industries Risks. Investments in the upstream oil and gas sector are subject to a variety of risks, not all of which can be foreseen or quantified. For example, the success of many of the Funds' investments is likely to be affected by numerous factors, including the following: (i) the amount, nature, and timing of property acquisitions or capital expenditures; (ii) the market for oil and gas acreage or properties or working interests therein; (iii) drilling of wells and other planned development activities; (iv) the timing and amount of future production of oil or gas; (v) quantities of discovered or probable, potential or proved reserves of oil or gas; (vi) marketing of and market prices for oil, gas or oil or gas properties or working interests therein generally or in any particular location; (vii) operating costs including lease operating expenses, administrative costs and other expenses; (viii) the applicable Fund's future operating or financial results; (ix) cash flow and anticipated liquidity; (x) the timing, success and cost of exploration and development activities; (xi) the risk that the technology employed in an energy investment will not be effective or efficient; (xii) governmental and environmental regulation of the oil and gas industry, including the risk that regulations affecting the energy industry will change in a manner detrimental to the industry; (xiii) environmental liabilities relating to energy properties and investments; (xiv) industry competition, conditions, performance and consolidation; (xv) the availability of drilling rigs and other oilfield equipment and services and (xvi) natural events.

Because of the Funds' upstream oil and gas sector focus, investment-related decisions and determinations, such as portfolio construction and diversification, generally may differ as compared to more broadly

focused private equity funds. When making such decisions and determinations, a Fund's General Partner may emphasize factors in a different manner and consider different factors, in each case as compared to such decisions and determinations relating to a more broadly focused private equity fund.

Energy and Natural Resources Investment Risks. The revenues generated from the activities of the Funds and the return on the investments made by the Limited Partners in the Funds will be highly dependent upon the future prices and demand for oil and gas, which can be volatile. Factors that may affect prices and demand include the world-wide supply of oil and gas, the price of foreign imports, the levels of consumer demand, price and availability of alternative fuels and changes in existing and proposed regulation and taxation. Also, gas prices remain somewhat seasonal in nature and, for this reason, it is particularly difficult to estimate accurately future prices of gas, and any assumptions concerning future prices may prove to be incorrect.

The potential value of an investment in a Fund depends to a considerable extent on the prices received for any oil and gas produced. In determining the amounts such Fund will pay for oil and gas assets, such Fund's General Partner will place substantial emphasis upon current market conditions, including the possibility of increases in the prices at which crude oil and gas can be sold. Because price increases may not occur, this will increase the risk that the investments by a Fund may produce lesser amounts of income than could have been achieved by other comparable investments. No prediction can be made as to what economic controls or taxes, if any, may be imposed on the production, sale and pricing of oil and gas during the life of a Fund. There is no assurance that the prices of crude oil, condensate and gas will not decrease from their present levels.

Drilling, Exploration and Development. A Fund intends to invest in oil and gas exploration and development investments; a speculative business involving a high degree of risk. Exploration and development investments usually have limited production, marketing, and financial resources and are, therefore, more vulnerable to the adverse impact of competition and changes in market conditions. Moreover, oil and gas drilling may involve unprofitable and unsuccessful efforts. Companies engaged in oil and gas exploration and development may expend a significant amount of capital drilling in wells that do not produce oil or gas, or in wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

Additionally, if multiple rounds of drilling are undertaken before oil or gas is located or produced, the investment may be carried at little or no value, may face increased borrowing costs or trigger lending covenants, and may produce lower returns on an aggregate or an internal rate of return basis. Acquiring, developing and exploring for oil and natural gas involve many risks. These risks include: (i) encountering unexpected formations or pressures; (ii) loss of drilling fluid circulations; (iii) premature declines of reservoirs; (iv) blow-outs; (v) possible claims of indigenous peoples; (vi) protests by environmental groups; (vii) eco-terrorism; (viii) continuity of mineable reserves; (ix) availability of essential infrastructure; (x) labor relations; (xi) industrial accidents; (xii) reclamation obligations; (xiii) other accidents in completing wells; (xiv) cratering; (xv) sour gas releases; (xvi) pipeline failures; (xvii) uncontrollable flows of oil, natural gas or well fluids; (xviii) pollution, release of toxic or other hazardous substances; (xix) fires; (xx) explosions; (xxi) spills; and (xxii) other environmental, health and safety risks. The risks and hazards inherent in the oil and gas industries, some of which are enumerated above, have the potential of causing widespread and catastrophic environmental disasters. Such disasters could materially and adversely harm a Fund and any portfolio investment of a Fund that is directly or indirectly responsible for causing or exacerbating such disasters. In addition, a Fund also may be liable for environmental damages caused by the previous or subsequent owners or third-party operators of properties (or working interests therein) a Fund purchases. Insurance coverage for environmental damages that occur over time, or insurance coverage for the full potential liability that could be caused by sudden environmental damages, may not be

available at a reasonable cost and a Fund may be subject to liability or may lose substantial portions of its properties (or working interests therein) in the event of certain environmental damages.

In addition to the economic costs resulting from such disasters that a Fund and/or a portfolio investment of a Fund may have to bear through liability for third-party losses or the cessation or suspension of operations (which amounts could be greater than aggregate commitments, with respect to a Fund), such disasters could cause severe reputational damage to such portfolio investment, a Fund, and, potentially, the Limited Partners. Furthermore, such disasters may not be covered by insurance, and casualty and business interruption insurance may not be available at rates and on terms that key personnel deem desirable. As a result, substantial liabilities to third parties or governmental entities may be incurred and the payment of such liabilities could have a material adverse effect on a Fund's financial condition and results of operations.

Hydraulic Fracturing; Regulations. It is expected that many of the operators of the portfolio investments in which the Fund invests will use hydraulic fracturing as a means of producing commercial quantities of oil and natural gas from reservoirs in which they operate. There have been a number of initiatives and proposed initiatives at the U.S. federal, state and local level to ban or regulate hydraulic fracturing and to study the environmental impacts of hydraulic fracturing and further regulation of the practice. Existing legislators and executives and candidates for legislative and executive office at the federal, state and local levels are on record having proposed, or having discussed potential proposals for, substantial additional regulations and restrictions on hydraulic fracturing, including outright bans of the practice. Such initiatives at the U.S. federal, state or local levels to expand or implement regulation of hydraulic fracturing, together with the possible adoption of new laws or regulations that significantly restrict hydraulic fracturing, could result in delays, eliminate certain drilling and injection activities, make it more difficult or costly to perform hydraulic fracturing or sell the oil and natural gas produced from wells that have used hydraulic fracturing in the completion process, increase a portfolio investment's costs of compliance and doing business, and delay or prevent the development of unconventional hydrocarbon resources from shale and other formations that are not commercial without the use of hydraulic fracturing. These effects could have a material adverse effect on the feasibility of a portfolio investment, the financial condition of a Fund and the value of the Interests. In addition to the foregoing, operators may use millions of gallons of water per well in hydraulic fracturing well completion operations, and the inability of operators to locate sufficient amounts of water or to dispose of water at a commercially reasonable price could adversely impact the Fund's investment in a portfolio investment.

Horizontal Wells. Some of the portfolio investments held by a Fund will be interests in horizontal wells. Horizontal drilling activities involve a greater risk of mechanical problems than conventional, vertical drilling operations. In some cases, the locations will require wells be drilled to greater depths, which may involve more complex drilling operations than shallow wells. The foregoing risks and uncertainties associated with the drilling of horizontal wells could prohibit an operator from achieving or establishing profitable production from its properties and could adversely affect a Fund's investment in such interests.

Energy Regulatory Risk; Environmental Matters. Investments in the upstream oil and gas sector may entail risks associated with more mature businesses and heavily regulated industries. The energy and natural resources industries are subject to comprehensive U.S. federal, state and local laws, rules and regulations as well as non-U.S. laws and regulations. Present and future statutes, rules and regulations could cause additional expenditures, decreased revenues, increased tax liability (including as a result of reduced or eliminated tax benefits), restrictions and delays that could materially and adversely affect a Fund's investments and the prospects of a Fund. There can be no assurance that: (i) existing laws, rules and regulations applicable to investments generally or the portfolio investments will not be revised or reinterpreted, (ii) new laws, rules and regulations will not be adopted or become applicable to the portfolio investments, (iii) the technology and equipment selected to comply with current and future regulatory requirements will meet such requirements, (iv) portfolio investments will not be materially and adversely

affected by such future changes in, or reinterpretation of, laws, rules and regulations (including the possible loss of exemptions from laws, rules and regulations) or any failure to comply with such current and future laws, rules and regulations, or (v) regulatory agencies or other third parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory agencies.

Further, environmental laws, rules, regulations and regulatory initiatives play a significant role in the energy and natural resources industries and can have a substantial impact on investments in these industries. For example, global initiatives to minimize pollution have played a major role in the increase in demand for natural gas and alternative energy sources, creating numerous new investment opportunities. Conversely, required expenditures for environmental compliance have adversely impacted investment returns in a number of segments of the industry. The energy and natural resources industries will continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations (“NGOs”) and special interest groups. A Fund may contract with an operator of a portfolio investment that is subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements. New and more stringent environmental and health and safety laws, rules, regulations and permit requirements or stricter interpretations of current laws, rules or regulations could impose substantial additional costs on portfolio investments and potential investments. Compliance with such current or future environmental requirements does not ensure that the operations of the portfolio investments will not cause injury to the environment or to people under all circumstances or that the operator of a portfolio investment, and therefore a Fund, will not be required to incur additional unforeseen environmental expenditures. Environmental hazards could expose a Fund’s portfolio investments to material liabilities for property damages, personal injuries or other environmental harm, including costs of investigating and remediating contaminated properties.

Moreover, failure to comply with any such requirements could have a material adverse effect on a portfolio investment, and there can be no assurance that the operator of a portfolio investment will at all times comply with all applicable environmental laws, rules, regulations and permit requirements. Past practices or future operations of portfolio investments also could result in material personal injury or property damage claims. Any noncompliance with these laws and regulations could subject a Fund and certain portfolio investments to material administrative, civil or criminal penalties or other liabilities. Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the contracting parties to a joint operating agreement (“JOA”) (such as a Fund) subject to environmental liability.

Regulatory Approvals; Permits. Portfolio investments of a Fund are expected to be required to comply with numerous U.S. federal, state and local statutory, rules and regulatory standards, including those related to air emissions, water discharge, waste disposal, the environment and safety and health, and to maintain numerous permits and approvals required for their operation. Compliance with these various rules and regulations may cause a Fund’s portfolio investments to incur significant costs and may impact almost every aspect of their respective businesses. In addition, a Fund may be required to obtain the consent or approval of applicable regulatory authorities in order to acquire or hold particular oil and gas assets or interests. If a Fund is unable to obtain required consents or approvals, it may be unable to enter into transactions or to structure transactions in ways that are optimal for a Fund or particular Fund vehicles. A Fund may contract with operators that it believes have obtained all material energy-related U.S. federal, state or local approvals and permits required as of the date thereof to acquire and operate the applicable oil and gas asset. However, such approvals and permits may be subject to conditions, and there is no assurance that the operators with whom a Fund contracts will be successful in meeting such conditions. A failure to satisfy such conditions could prevent the operation of certain facilities or result in additional costs to such investments, which may adversely affect a Fund’s investment performance and results. There can be no assurance that the operator of a portfolio investment will be able to do any of the following: (i) obtain all required regulatory approvals and permits, (ii) obtain any necessary modifications to existing regulatory

approvals and permits, or (iii) renew and otherwise maintain required regulatory approvals and permits. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals and permits (or amendments thereto) or delay or failure to satisfy any regulatory conditions or other applicable requirements (which may change over time), could prevent operation of certain assets or sales of such assets to third parties, or could result in additional costs to an investment and adversely affect at Fund's investment performance and results.

Environmental Liabilities. A Fund could face substantial risk of loss from environmental claims arising from certain of its investments involving undisclosed or unknown environmental, health or other problems or inadequate reserves or insurance for previously identified matters, as well as from occupational safety issues and concerns. Certain environmental laws and regulations require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination. Under certain circumstances, U.S. courts have held that a parent entity is responsible for the environmental clean-up obligations of its subsidiary imposed by applicable laws. In the event that a Fund is the parent of a portfolio investment with such obligations, a U.S. court or a court of any other applicable jurisdiction might find that a Fund is liable for such obligations. Environmental claims with respect to a specific investment may exceed the value of such investment. Moreover, community and environmental groups may protest the development or operation of certain energy assets which may induce government action to the detriment of a Fund. Some of the most onerous environmental requirements regulate air emissions of pollutants and greenhouse gases; these requirements may particularly affect investments in the energy sector.

Additionally, as consensus builds that climate change is a significant threat, initiatives seeking to address climate change through regulation of greenhouse gas emissions have been adopted by, are pending or have been proposed before international, federal, state and regional regulatory authorities. Many industries (e.g., electrical power, mining, manufacturing, transportation and insurance) face various climate change risks, many of which could conceivably materially impact them. Such risks include (i) regulatory/litigation risk (e.g., changing legal requirements that could result in increased permitting and compliance costs, changes in business operations, the discontinuance of certain operations and related litigation); (ii) market risk; and (iii) physical risk (e.g., risks to plants or property owned, operated or insured by a company posed by rising sea levels, increased frequency or severity of storms, drought and other physical occurrences attributable to climate change). These risks could result in unanticipated delays or expenses and, under certain circumstances, could prevent completion of investment activities once undertaken, any of which could have an adverse effect on a Fund.

Governmental Contracts. A Fund's portfolio investments may serve customers that include governmental entities. Investments that include significant customer concentration with governmental entities pose additional and unique risks. Governmental budgeting and procurement requirements could adversely affect profitability. In addition, to the extent that a Fund invests in an investment whose assets are governed by concession agreements with national, state, provincial or local authorities, there is a risk that these authorities may not be able to honor their obligations under the agreement, especially over the long term. The leases or concessions also may contain clauses more favorable to the governmental counterparty than a typical commercial contract and may restrict the investment's ability to operate in a way that maximizes cash flows and profitability. Governments typically have considerable discretion in implementing regulations that could impact these businesses, may be a by political (rather than just economic) considerations and may make decisions that adversely affect a Fund's investments.

Siting. Energy and energy-related investments may be subject to siting requirements. Siting of energy investments also is frequently subject to regulation by applicable governmental authorities. For example,

proposals to site a facility may be challenged by a number of parties, including NGOs and special interest groups based on alleged security concerns, disturbances to natural habitats for wildlife and adverse aesthetic impacts, including the common “not in my backyard” phenomenon. Concerns also may arise that may require governmental permits or approvals, the receipt of which may depend, in part, on heightened environmental concerns and public opposition in some jurisdictions.

Sovereign Rights. The right of the operator of a portfolio investment to extract mineral resources, or to generate, deliver or sell energy or related services and equipment may be granted by or derive from approval by governmental entities and are subject to special risks, including the risk that the relevant governmental entity will exercise sovereign rights and take actions contrary to the rights of a Fund or the relevant portfolio investment under the relevant agreement. There can be no assurance that the relevant governmental entity will not legislate, impose rules or regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the operations of any portfolio investment.

Nature of Investments in Natural Gas. Certain of a Fund’s investments are expected to be subject to the risks inherent in gathering, transporting, processing, storing or marketing natural gas, including capital expenditures for the identification and acquisitions of projects. The ability to gather and transport natural gas depends upon standard natural gas drilling, which may involve unprofitable efforts, not only from dry holes, but from wells that are productive but do not result in sufficient net revenues to return a profit, which would likely adversely impact throughput volumes on natural gas pipelines or related assets. In addition, the cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected pressure, irregularities in formations, poor drilling conditions, equipment failures or accidents, adverse weather conditions, labor and other work interruptions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment, all of which could adversely impact throughput volumes on natural gas pipelines or related assets. Furthermore, successful investment in natural gas properties and other related facilities and properties requires an assessment of (i) recoverable reserves, (ii) production rates, (iii) future natural gas prices, (iv) operating and capital costs, (v) potential environmental and other liabilities and (vi) other factors; such assessments are necessarily inexact and their accuracy inherently uncertain. Also, the revenues generated by certain of the companies in which a Fund invests will depend in part on the future prices of and the demand for natural gas. Natural gas investments may have significant shortfalls in projected cash flow if natural gas prices decline from levels projected at the time the investment is made.

Reliance on Estimates of Oil and Gas Reserves. In acquiring oil and gas properties or working interests therein, the General Partner expects to rely to a large degree on estimates of oil and gas reserves to determine the value of its current and prospective investments and in negotiating the acquisition terms of its investments. Estimates of oil and gas reserves are inherently uncertain. Inaccurate estimates may cause a Fund to underbid and fail to win an acquisition target, or overpay in its acquisitions and adversely affect its ability to generate attractive results. Estimates of oil and gas reserves, by necessity, are projections based on engineering and geological data. There are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering, geophysical and geological interpretation, and judgment. Estimates of economically recoverable oil and natural gas reserves and future net cash flows necessarily depend on a number of variable factors and assumptions, such as historical production from the examined area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil and gas attributable to any particular

group of properties and classifications of such reserves based on risk of recovery and estimates of the future net cash flows expected from such reserves may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves.

Production. Exploration and production investments are particularly vulnerable to declines in the demand for and prices of crude oil and natural gas. Reductions in prices for crude oil and natural gas can cause continued production from a given reservoir to cease being economical earlier than it would if prices were higher, resulting in the plugging and abandonment of, and cessation of production from, that reservoir. In addition, lower commodity prices not only reduce revenues but also can result in substantial downward adjustments in reserve estimates. Actual oil and gas prices, development expenditures and operating expenses will vary from those assumed in reserve estimates, and these variances may be significant. Any significant variance from the assumptions used could result in the actual quantity of reserves and future net cash flow being materially different from those estimated in reserve reports. In addition, results from drilling, testing and production and changes in prices after the date of reserve estimates may result in downward revisions to such reserve estimates. Substantial downward adjustments in reserve estimates could have a material adverse effect on a given exploration and production investment's financial position and results of operations and could result in acceleration of result-based loans or defaults thereunder. Actual amounts produced from such reserves may similarly vary. In addition, due to natural declines in reserves and production, exploration and production investments must economically find or acquire and develop additional reserves in order to maintain and grow their revenues and distributions. Oil and gas wells are by their nature depleting assets, and as a result, annual production will naturally decline over the life of a well and so too will returns to a Fund attributable to such well.

Moreover, U.S. federal, state or local laws, rules, regulations and orders may restrict the rate of oil and gas production below the rate that would otherwise exist in the absence of such laws, rules, regulations and orders, and may restrict the number of wells which may be drilled in any particular area, thereby also restricting the cash flows of a particular portfolio investment and, therefore, of a Fund. State laws regulate the size and shape of drilling and spacing units or proration units governing the pooling of oil and gas properties. Some states allow forced pooling or integration of tracts to facilitate development while other states rely on voluntary pooling of lands and leases. In some instances, forced pooling or unitization may be implemented by third parties and may result in a reduction of a Fund's interest in the unitized properties. In addition, state conservation laws establish maximum rates of production from oil and gas wells, which generally prohibit the venting or flaring of natural gas and impose requirements regarding the ratable of production. These laws, rules and regulations may limit the amount of oil and gas that can be produced from wells that generate payments to a Fund or limit the number of wells or locations that can be drilled, further limiting potential payments that might otherwise be made to a Fund.

Commodity Price Volatility. The value of a Fund's investments will be substantially dependent upon the market price for oil, natural gas and other hydrocarbons, which value ultimately impacts the demand for their products and services. Historically, the markets for hydrocarbons have been volatile and such volatility is likely to continue in the future. Various factors beyond the control of a Fund, the General Partner, the Management Company or any operator will affect hydrocarbon prices including: (i) the worldwide and domestic supplies of oil and natural gas; (ii) the ability of the members of OPEC to agree to and maintain oil prices and production controls; (iii) political instability or armed conflict in the Middle East and other oil or natural gas producing regions; (iv) terrorist acts; (v) the price and level of foreign imports; (vi) the level of consumer demand; (vii) the price, availability and acceptance of alternative fuels; (viii) the availability of pipeline capacity; (ix) weather conditions; (x) transportation interruption; (xi) domestic and foreign governmental regulations, price controls and taxes; (xii) domestic and foreign environmental laws and regulations; and (xiii) the overall economic environment, including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets. There can be no assurance that there will not be a significant decline in the prevailing price for

hydrocarbons, which could adversely affect the value of a Fund's investments and its income from its investments. Price volatility also makes it difficult to budget for, and project the return on, acquisitions, exploration and development investments.

Hedging Arrangements; Related Regulations. A Fund's General Partner may (but is not obligated to) endeavor to manage such Fund's or any portfolio investment's currency exposures, interest rate exposures, commodity price exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the applicable Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for a Fund's General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio investment to hedge its exposures becomes limited by such requirements.

Transportation Risks; Commodity Price Controls and Regulation. The availability, terms and cost of transportation significantly affect sales of natural gas. The interstate transportation and sale or resale of natural gas is subject to federal regulation, including regulation of the terms, conditions and rates for interstate transportation, storage and various other matters, primarily by the Federal Energy Regulatory Commission ("FERC"). Federal and state regulations govern the price and terms for access to natural gas pipeline transportation. FERC's regulations for interstate natural gas transmission in some circumstances also may affect the intrastate transportation of natural gas. Although natural gas prices are currently unregulated, Congress historically has been active in the area of natural gas regulation. There is no way to predict whether new legislation to regulate natural gas might be proposed, what proposals, if any, might actually be enacted by Congress or the various state legislatures, and what effect, if any, the proposals might have on a Fund's investments. Sales of condensate and natural gas liquids are not currently regulated.

There are currently no federal price controls on oil production, and sales of oil, condensate and natural gas liquids by the operator of a prospect in which a Fund owns an interest can be made at uncontrolled market prices. However, there can be no assurance that Congress will not enact controls at any time.

States do not currently regulate wellhead prices or engage in other similar direct economic regulation, but there can be no assurance that they will not do so in the future. The effect of these regulations may be to limit the amounts of natural gas that may be produced from wells that generate payments to a Fund, and to limit the number of wells or locations that can be drilled.

Seasonal Nature of Oil and Gas Industry. Seasonal weather conditions and the provisions of oil and gas leases can limit the drilling and producing activities of operators and, as a result, the majority of drilling activities by those operators may occur during the summer months. This seasonality can pose challenges to an operator for meeting well drilling obligations and increase competition for equipment, supplies and personnel during the spring and summer months, which could lead to shortages and increase costs or delay operations. Generally, but not always, the demand for gas decreases during the summer months and increases during the winter months. Among other factors, seasonal anomalies such as mild winters or hot

summers sometimes lessen this fluctuation. Such factors can adversely impact the quantities of oil and gas that are produced and, therefore, a Fund's revenues.

New Technology Risk. Historically, technology changes in the energy sector generally have resulted in gradual incremental improvements, with disruptive technology impacts being rare. However, there currently are a number of scientific research institutions (including those supported by major venture capital and private equity firms and corporations) seeking to develop technologies designed to reduce dependence upon large scale fossil fuel generation. In the event that any such technology is successfully developed and implemented, a Fund's investments may be adversely affected. In addition, the upstream oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, the operator of a portfolio investment may be placed at a competitive disadvantage or competitive pressures may force the operator to implement those new technologies at substantial costs to a portfolio investment, which could affect the Fund's returns attributable to such portfolio investment. In addition, other oil and natural gas investments have greater financial, technical, and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the operator of a portfolio investment can. The operator may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies an operator uses now or in the future were to become obsolete or if the operator is unable to use the most advanced commercially available technology, a Fund's investments could be materially adversely affected.

Technical Risk. Investments in the energy industry may be subject to technical risks, including the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specifications and other unanticipated events which adversely affect operations. While a Fund intends to seek investments in which creditworthy and appropriately bonded and insured third parties bear much of these risks, there can be no assurance that any or all such risks can be mitigated or that such parties, if present, will perform their obligations.

Licenses and Lease. Interests in the exploration and operation of oil and gas businesses are governed by statutes, rules and regulations and are evidenced by the granting of exploration and development licenses or production leases. Each license is typically for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the owners or operator of a portfolio investment could lose title to, or its interest in, such licenses if the license conditions are not met or if insufficient funds are available to meet expenditure commitments. If the operator of a portfolio investment is unable to meet its obligations in relation to the work programs of any of the licenses, it may be required to relinquish the license or the license may be revoked. In addition, an operator may choose to allow some oil and gas leases to terminate or forfeit, without drilling or development thereof, for a variety of reasons, including changing opinions on the geology, recoverable reserves, or election to devote capital elsewhere. These decisions could adversely impact the possible net revenues available to the Fund. Certain tenements and licenses may be located in, or adjacent to, areas that may be subject to actual or potential border disputes between two or more countries. These disputes cause disruptions, delays and possibly cancellation of certain investments, as well as the impairment of certain assets. Further, certain reserves, particularly shale gas reserves may be located below privately owned properties and may require regulatory intervention to permit and facilitate the exploration and development of such reserves.

Risks in Effecting Operating Improvements; Undeveloped Acreage. A Fund will, in some cases, acquire working interests from current owners. In such cases, the success of a Fund's investment strategy is likely to depend, in part, on the ability of a Fund to effect improvements in the operations of such asset. The

activity of identifying and implementing operating improvements entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key portfolio investment and operator personnel and disrupt normal business. There can be no assurance that an operator or a Fund will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to such portfolio investment.

In other cases, a Fund will create a working interest from a formerly operated asset or newly created structure. As a result, in some cases, a Fund may hold, or seek to hold, undeveloped acreage and/or acreage in new or emerging plays. Undeveloped acreage may not ultimately be developed or become commercially productive, which could cause the loss of rights under the applicable leases as well as have a material adverse effect on the oil and natural gas reserves and future production attributable to a portfolio investment. As a result, drilling results in these areas are uncertain, and the value of undeveloped acreage will decline if drilling results are unsuccessful. In addition, drilling results in these areas are more uncertain than drilling results in areas that are developed and producing. Because new or emerging plays have limited or no production history, the General Partner and operator may be unable to use past drilling results in those areas to help predict future drilling results. As a result, costs of drilling, completing and operating wells in these areas may be higher than initially expected, and the value of undeveloped acreage will decline if drilling results are unsuccessful.

Title to Interests. Typically, interests acquired by a Fund will be evidenced by written conveyances which are duly filed (in the applicable records of the county or parish in which such interests are located) in a Fund's or its subsidiary's name or, in the discretion of a General Partner, in the name of a nominee of a General Partner (including a General Partner or affiliates of such General Partner) if such practice facilitates assembly or acquisition of interests, administration of Fund affairs or as otherwise determined by the General Partner. Generally, a General Partner will not make on-site inspections of the properties in which it acquires an interest for a Fund.

As is customary in the upstream oil and gas industry, a General Partner expects to initially conduct only a cursory review of title to interests that a Fund or an operator intends or attempts to purchase. Depending upon the results of a General Partner's cursory review, the location of the interest, the size and materiality of the potential acquisition and other factors a General Partner deems relevant, a Fund or the operator may have title reviews conducted by an attorney or a land service company. A General Partner may elect to perform curative work with respect to significant defects. If title reviews or other investigations reflect title defects on those properties, any curative work a General Partner elects to undertake will be at a Fund's expense. A Fund generally does not intend to purchase an interest until any material title defects on such property are cured.

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

Independent Contractors. Independent contractors are typically used in operations in the energy industry to perform various operational tasks, including carrying out drilling activities and delivering raw commodities to processing or beneficiation plants. In periods of high commodity prices, demand for such

contractors may exceed supply resulting in increased costs or lack of availability of key contractors. Disruptions of operations or increased costs also can occur as a result of disputes with contractors or a shortage of contractors with particular capabilities. Additionally, since a Fund will not have control over any third-party operators of portfolio investments of a Fund and/or operators (including the Formentera Operating Company) may not have the same control over independent contractors as they may have over their own employees, there is a risk that such operators and contractors will not operate in accordance with their own safety standards or other policies. Any of the foregoing circumstances could have a material adverse effect on portfolio investments of a Fund, and ultimately a Fund's operating results and cash flows.

Natural Disasters, Terrorist Acts and Similar Dislocations. Upon the occurrence of a natural disaster such as a tornado, flood, hurricane or earthquake, electricity shortages or other similar national or local emergencies, or upon an incident of war, riot or civil unrest, the impacted area may not efficiently and quickly recover from such event, which can have a materially adverse effect on portfolio investments and other developing economic enterprises in such area. Terrorist attacks and related events can result in increased short-term economic volatility. U.S. military and related actions in Afghanistan and Iraq, other events in the Middle East and terrorist actions worldwide could have significant adverse effects on U.S. and non-U.S. economies and securities markets. The effects of future terrorist acts (or threats thereof), military action or similar events on the economies and securities markets of countries cannot be predicted. Such disruptions of the world financial markets could affect interest rates, ratings, credit risk, commodity prices, inflation and other factors relating to a Fund's investments.

Regulation of Greenhouse Gases. Both in the U.S. and globally, emissions of greenhouse gases ("GHGs") are increasingly regarded as linked to global climate change, which likely will lead to more stringent regulation of GHGs in the future. Increased public concern and mounting political pressure may result in more U.S. federal, state, local, or international requirements to reduce or mitigate the effects of GHGs. These requirements include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy, all of which could make a Fund's interest in exploration, development and production activities more expensive, lengthen investment implementation times, and reduce demand for hydrocarbons. Any such future laws, rules and regulations imposing reporting obligations on, or limiting emissions of GHGs from, an operator's equipment and operations could require it to incur costs to reduce emissions of GHGs associated with its operations. Furthermore, current and pending GHG regulations also may increase compliance costs, such as for monitoring or sequestering emissions. Substantial limitations on GHGs also could adversely affect demand for oil and natural gas. Changes in the regulation of GHGs could impact the assets in which a Fund owns an interest or make future investments undesirable.

Documentation and Other Legal Risks. In addition to the matters described above, energy and energy generation and related investments are typically governed by complex legal agreements. As a result, there can be a higher risk of dispute over interpretation or enforceability of such agreements. Energy assets, businesses and projects also often involve a significant impact on local communities and the surrounding environment. It is not uncommon for energy generation and related assets to be exposed to a variety of other legal risks, including legal action from special interest groups. Special interest groups may use legal processes to seek to impede particular investments to which they are opposed.

Construction Risk. A Fund's investments may involve significant construction risk, including the risk of substantial delay or increase in cost due to a number of unforeseen factors, including: (i) political opposition, regulatory and permitting delays; (ii) delays in procuring real property rights; (iii) equipment, transmission grid interconnection delays; (iv) labor disputes, lawsuits and other disputes; (v) environmental issues and force majeure; and (vi) failure by one or more of the investment participants to perform in a timely manner (or at all) its or their contractual, financial or other commitments. New facilities have no

operating history and may employ recently developed or technologically complex equipment that may take time to operate at peak levels of output and efficiency. A material delay or increase in cost not absorbed by other participants in the transaction could significantly impair the financial viability of a portfolio investment and result in a material adverse effect on a Fund's investment therein.

Broken Deal Expenses. Investments in the energy industry often require extensive due diligence activities and regulatory approvals prior to acquisition. Due diligence may include feasibility and technical studies, preliminary engineering and marketing studies, legal and environmental review and bid preparation and submission costs, any or all of which may entail significant third-party expenses. In the event that an investment is not consummated, the applicable Fund may bear some or all of such third-party expenses and any termination fees. Furthermore, in the event that a transaction in which a co-investment was to be sought ultimately is not consummated, it is expected that some or all of such third-party expenses and any termination fees will be borne by the applicable Fund, and not by any prospective or expected co-investors that were to have participated in such transaction.

Adequacy and Availability of Insurance; Catastrophic Events. A Fund may seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance. However, it may not always be practicable or feasible for portfolio investments to have prudent insurance and other risk management products. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation. Certain losses of a catastrophic nature, such as those caused by wars, earthquakes, hurricanes, tornadoes, floods, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact a portfolio investment's and/or a Fund's profitability. In general, losses related to terrorism are becoming harder and more expensive to insure against, and most insurers are excluding terrorism coverage from their all-risk policies. As a result, it is unlikely that any of a Fund's investments will be insured against damages attributable to acts of terrorism (or certain other losses of a catastrophic nature). If a major uninsured loss were to occur with respect to an investment, a Fund likely would lose both its capital invested in, and anticipated profits related to, such investment.

A Fund may seek to obtain representation and warranty insurance in connection with certain transactions in an effort to insure against losses from breaches of representations or warranties in the agreements related to such transactions. In particular, where such insurance is available, the relevant General Partner expects to use such insurance in lieu of conducting more comprehensive due diligence when a Fund participates in a competitive bid process. Representation and warranty insurance could result in a Fund bearing, directly or indirectly, additional costs and expenses and may not be a complete substitute for direct recovery against the counterparty to such transactions. Additionally, the market for representation and warranty insurance continues to evolve and insurers may not be able to adequately cover losses, particularly following an event that broadly affects the industry. In certain cases, representation and warranty insurance coverage may not be available for the types of transactions in which a Fund proposed to engage.

Ability to Exit Investments. Individual investments in certain assets may have unique geographic and market characteristics (and may be subject to political, regulatory and public opinion considerations), which could make them highly illiquid. A Fund may acquire portfolios of assets that are not easily separated into individual asset acquisitions or dispositions. Accordingly, a Fund's investments may be quite sizeable. There are limited pools of capital available in the sector that can make sizeable investments and limited numbers of market participants. As a result, the potential exits from these investments may be limited and there can be no assurance that a Fund will be able to realize its investments on favorable terms, in a timely

manner or at all. Moreover, the realizable value of a highly illiquid investment may be less than its intrinsic value.

Reliance on Third Parties. A Fund generally is expected to rely to a significant extent on third-party operators of the portfolio investments with respect to the day-to-day operation of such portfolio investments, and generally will have consent rights only with respect to major decisions. Subjective decisions made by a Fund and/or certain third-party operators may cause a portfolio investment to incur losses or to miss profit opportunities on which it would otherwise have capitalized. As a result, a Fund's ability to protect its position in such investment will be limited.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities or other assets received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities or other assets is made to the partners, many partners may decide to liquidate such securities or other assets within a short period of time, which could have an adverse impact on the price of such securities or other assets. The price at which such securities or other assets may be sold by such partners may be lower than the value of such securities or other assets determined pursuant to the applicable Fund's Governing Documents, including the value used to determine the amount of carried interest available to the Fund's General Partner (or its affiliate) with respect to such investment.

Over-Commitment. In order to facilitate an investment in a portfolio investment, a Fund may make or commit to make an investment in such portfolio investment with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of such investment. In such a situation, a Fund will bear the risk that any or all of such portion of such investment may not be sold or may only be sold on unattractive terms. As a consequence, a Fund may bear the entire portion of any reverse break-up or termination fees or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio investment or realize lower than expected returns from such investment.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a Fund's investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the Limited Partners and it may be difficult to liquidate the oil and gas assets received at a price or within a time period that is determined to be ideal by such Partners. After a distribution of oil and gas assets is made to the Limited Partners, many Limited Partners may decide to liquidate such assets within a short period of time, which could have an adverse impact on the price of such assets. The price at which such assets may be sold by such Limited Partners may be lower than the value of such assets determined pursuant to the applicable Governing Documents, including the value used to determine the amount of carried interest that is distributable to the relevant General Partner with respect to such investment.

Reserves. A General Partner is expected to establish reserves for investments by a Fund, operating expenses of a Fund, Fund liabilities and other matters. Estimating the appropriate amount of such reserves is difficult. Inadequate or excessive reserves could impair the investment returns to the Limited Partners. If reserves are inadequate, a Fund may be unable to take advantage of attractive investment opportunities or may not be able to pay its liabilities or expenses as they come due. If reserves for liabilities or expenses are excessive, a Fund may decline attractive investment opportunities.

Investments Longer than Term. Certain of a Fund's investments may not be disposed of prior to the expiration of a Fund's term or its winding up or dissolution. A Fund may make investments that may not

be advantageously disposed of prior to the date a Fund is dissolved, either by expiration of a Fund's term or otherwise, or a Fund's term may be extended to facilitate the wind-down of a Fund. A General Partner has a limited ability to extend the term of a Fund, and a Fund may be required to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of its dissolution. To the extent that such investments are held in a trust in connection with a Fund's winding-up and dissolution, such trusts may incur operating and formation expenses. In addition, there can be no assurances with respect to the timeframe in which a Fund's winding-up and the final distribution of proceeds to the Partners will occur.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Formentera or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Formentera, the General Partners, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Formentera's, the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Formentera or one of its service providers holding its financial or investor data, Formentera, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Formentera's policies and practices.

Material, Non-Public Information; Other Regulatory Restrictions. As a result of the operations of Formentera and its affiliates, as well as in connection with officerships or directorships of Formentera personnel, Formentera frequently comes into possession of confidential or material, non-public information. Formentera and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Formentera's internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Formentera or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain

individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Formentera's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Formentera or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

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

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

United Kingdom ("UK") Exit from the European Union (the "EU"): The UK formally left the EU on January 31, 2020 ("Brexit"), and entered a transition period that ended on December 31, 2020. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes

to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Formentera and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

CFIUS and National Security Clearance Considerations. Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States (“CFIUS”), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund’s performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners’ ability to invest in U.S. businesses (or to exercise voting or advisory committee rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow a Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

Russia-Ukraine Conflict. The ongoing military conflict between Russia and Ukraine has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse

to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

U.S. Taxation of Carried Interest. U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Formentera who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Formentera to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

LIBOR and other Benchmark Rates. To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate ("LIBOR") or other benchmark or reference rates (each, a "Benchmark Rate"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Secondaries and other GP-Led Transactions. There continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Formentera following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Formentera believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by the Formentera and its affiliates). However, certain of such transactions are expected to require a limited partner to invest additional capital in the existing Fund and/or other investment vehicles, a greater exposure to one or more particular portfolio company, and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Formentera or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Formentera or an affiliate will continue to manage and receive

fees and/or performance-based compensation relating to the subject assets following the transaction, their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Formentera, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Formentera reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that Formentera will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Formentera reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents.

Conflicts of Interest

Formentera and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own accounts, and expect in the future to spend a portion of their time and attention pursuing investment opportunities and other activities for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio investments. Formentera will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Formentera conducting its activities, the interests of a Fund likely will conflict with the interests of Formentera, one or more other Funds, portfolio investments or their respective affiliates in certain circumstances. Certain, but not all, of these conflicts of interest are discussed herein. As a general matter, Formentera will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant or appropriate, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by Formentera principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents and Formentera's allocation policies. Without limitation, Formentera principals currently manage and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. Formentera's personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Formentera's principals and Formentera's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Formentera principals expect from time to time to control or manage generally have the potential to compete with investments acquired by a Fund. Following the investment period of a Fund, Formentera principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in Formentera's sole discretion, Formentera and its personnel reserve the right to refer such opportunity to third parties or to make personal

investments in the relevant opportunity. Unless restricted by the Governing Documents, Formentera personnel are permitted to serve on boards or act in other roles unaffiliated with Formentera, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

From time to time, Formentera will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Formentera. In determining which investment vehicles should participate in such investment opportunities, Formentera and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, Formentera is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Formentera in a portfolio investment also have the potential to raise the risk of using assets of a client of Formentera to support positions taken by other clients of Formentera.

Formentera must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Formentera generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, as well as factors, including, but not limited to: investment restrictions and objectives (including those set forth in the Governing Documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life cycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliated adviser of Formentera in the manner set forth in the Governing Documents. Formentera will determine the allocation of investment opportunities among Funds in a manner that it determines to be appropriate in its sole discretion and reserves the right to take into consideration any factors, including those set forth above.

Following such determination of allocation among Funds, Formentera will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and Formentera reserves the right to offer any such excess to one or more potential co-investors, including operating partners, vendors, service providers and/or other third parties and Formentera personnel, as determined by the Governing Documents, Side Letters and Formentera's procedures regarding allocation. Formentera's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: (i) expressed interest in co-investment opportunities by the prospective co-investor and its investment appetite; (ii) expertise of the prospective co-investor in the industry to which the investment opportunity relates and/or any facilitation by the co-investor in bringing the investment opportunity to the Fund or in helping to secure the investment opportunity; (iii) perceived ability to quickly execute on transactions; (iv) size of current or future commitment to the relevant Fund and other Funds by the prospective co-investor; (v) tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); (vi) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (vii) perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; (viii) the General Partner's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the General Partner's ability to execute the relevant transaction in the desired time or on desired terms; (ix) size of investment allocation and practicality of dividing it up among multiple co-investors; (x) lender requirements; (xi) perceived public relations and reputational benefits or costs; (xii) existence of a formal or informal strategic relationship with the prospective co-investor and (xiii) whether the General Partner believes that allocating

investment opportunities to another Fund investor or other third-party will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio investment, the applicable Fund, other Funds or Formentera. Although Formentera reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by Formentera in identifying co-investors. The Adviser reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio investments or otherwise to have priority in co-investment opportunities.

Furthermore, Formentera expects to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Formentera expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that employees and related persons of Formentera make capital investments in or alongside certain Funds, Formentera and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Formentera's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Formentera will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Formentera expects to be subject, discussed herein, did not exist.

In certain cases, Formentera will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Formentera will use its discretion to select such transferees based on eligibility and other factors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund is not always expected, for example, to invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Formentera and its affiliates reserve the right from time to time to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, Formentera will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Formentera expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by the applicable General Partner using its reasonable judgment, considering such factors as it deems relevant, but in its sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-investment vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Formentera. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' interests in portfolio investments, Formentera may have the right to appoint portfolio investment board members (including current or former Formentera personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio investment board members approve compensation and/or other amounts payable to Formentera and/or its affiliates. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to Formentera.

Additionally, a portfolio investment typically will reimburse Formentera or service providers retained at Formentera's discretion for expenses (including without limitation travel expenses) incurred by Formentera or such service providers in connection with its performance of services for such portfolio investment. This

subjects Formentera and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Formentera determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices.

In connection with its services to the Funds and their investments, Formentera, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Formentera's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Formentera and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Formentera Information"). In many cases, Formentera Information will include tools, procedures and resources developed by Formentera to organize or systematize Formentera Information for ongoing or future use. Although Formentera expects its Funds and their portfolio companies generally to benefit from Formentera's possession of Formentera Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Formentera and its personnel) and not by the Fund or portfolio company from which Formentera Information was originally received or derived. Formentera Information will be the sole intellectual property of Formentera and solely for the use of Formentera. Formentera reserves the right to use, share, license, sell or monetize Formentera Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset Management Fees.

Formentera generally exercises its discretion to recommend to a Fund or to a portfolio investment thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) Formentera or a related person of Formentera (which may include a portfolio investment of such Fund); (ii) an entity with which Formentera or its affiliates or current or former members of their personnel has a relationship or from which Formentera or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Formentera personnel are seconded, or from which Formentera receives secondees; or (iii) certain Limited Partners or their affiliates. For example, Formentera expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain Limited Partners or their affiliates that are engaged in lending or related business. This discretion subjects Formentera to conflicts of interest, because although Formentera selects service providers that it believes are aligned with its operational strategies and will enhance portfolio investment performance and, relatedly, returns of the relevant Fund, Formentera has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Formentera, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Formentera), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Formentera will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses. Although Formentera generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or

not Formentera has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, as described above, portfolio investments (and, to a lesser extent, the Funds) typically pay certain fees to, and reimburse expenses of consultants (including consultants introduced or arranged by Formentera that regularly provide services to one or more portfolio investments), and such fees do not offset or reduce the Management Fee as described herein.

Although Formentera generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any Formentera affiliate, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such case, Formentera intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market parties are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an Formentera affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or an Formentera affiliate, whether or not related to the Fund in which such limited partners have invested.

Formentera and/or its affiliates reserves the right to employ or engage personnel with pre-existing ownership interests in portfolio investments owned by the Funds or other investment vehicles advised by Formentera and/or its affiliates; conversely, current or former personnel or executives of Formentera are expected from time to time to serve in significant management roles at portfolio investments or service providers recommended by Formentera. Similarly, Formentera, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio investment finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former employees, and current and former portfolio investment executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Formentera and/or its affiliates and/or the Funds or other investment vehicles—they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Formentera entities, whether or not relating to financing Formentera personnel obligations to fund General Partner commitment obligations) to Formentera personnel and their estate planning vehicles. Formentera expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Formentera information about markets and industries in which Formentera operates (or is contemplating operations) or will provide other services that are beneficial to Formentera or one or more other Funds. Formentera expects to be subject to a potential conflict of interest in making such recommendations, in that Formentera has an incentive to maintain goodwill between it and the existing and prospective portfolio investments for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio investments.

Formentera, its affiliates, and equity holders, officers, principals and employees of Formentera and its affiliates reserve the right to buy or sell securities or other instruments that Formentera has recommended to a Fund. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in Formentera's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Formentera have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio investments directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Formentera deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Except to the extent prohibited by the Governing Documents, Formentera and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-"assignment" provisions of the Advisers Act, Formentera and its personnel are also permitted to offer, restructure and monetize interests in Formentera.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Formentera may not otherwise have done so.

Formentera reserves the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Formentera's compensation, none of which generally will be subject to the "most-favored nation" provisions of a Fund's Governing Documents), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic, procedural and other terms.

Formentera is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners, *e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Formentera, its affiliates and personnel or the Funds,

or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to its affiliates and personnel, or the Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Formentera to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund. As a consequence of one or more Limited Partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Formentera believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

The relevant liability standards under insurance coverage procured by Formentera are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Formentera's insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects Formentera and/or its affiliates to potential conflicts of interest. Formentera attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Formentera's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Formentera will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Formentera consults and receives consent to conflicts from an advisory committee consisting of representatives of Limited Partners of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser and its management persons are not registered, and do not have an application pending to register, as a broker-dealer or registered representative thereof, or as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person thereof. In structuring the Funds or other advisory clients, Formentera has and may form affiliated entities to act as a Fund's manager or general partner (or in a similar capacity, depending on the Fund's legal structure), and Formentera and its principals will generally participate in any "carried interest" or other compensation to be received by such affiliated entities. Furthermore, the principals and certain personnel of Formentera have certain investment management and/or operational responsibilities with respect an affiliated, but independent and operationally separate, investment firm, Marbella Interests, LLC. Please refer to "Methods of Analysis, Investment Strategies and Risk of Loss — Conflicts of Interest" for a description of conflicts of interests and how the Adviser addresses such conflicts.

Personal securities investments by principals and personnel of Formentera will be subject to Formentera's Code of Ethics and personal trading policy, which seeks to mitigate these potential conflicts of interest. *See "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading,"* below.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics. Formentera will implement a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics will include provisions relating to the standards of business conduct required of Formentera employees, personal securities trading procedures, and reporting of violations of the Code of Ethics, among other things. All supervised persons at Formentera will be required to acknowledge the terms of the Code of Ethics annually, or as amended. A copy of Formentera's Code of Ethics may be obtained from Formentera's Chief Compliance Officer.

Personal Trading. Formentera's employees and persons associated with Formentera will be required to follow Formentera's Code of Ethics in connection with their personal trading activities. Subject to satisfying this policy and applicable laws, officers, directors and employees of Formentera may be permitted to trade for their own accounts and participate in transactions involving securities that are purchased for clients. The Code of Ethics will be designed to assure that the personal transactions, activities and interests of the employees of Formentera will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while at the same time allowing employees to invest for their own accounts. The Code of Ethics will require pre-clearance of certain transactions (including investments in private placements) for the personal securities accounts of Formentera's "access persons"

by appropriate personnel of Formentera, and will require that the interests of clients be placed ahead of those of Formentera employees in their personal trading. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest, directly or indirectly, in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading will be regularly monitored under the Code of Ethics, in an effort to prevent conflicts of interest between Formentera and its clients.

Material Non-Public Information. Formentera may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Formentera would be prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any person, regardless of whether such person is a client of Formentera. Accordingly, should Formentera come into possession of material non-public or other confidential information with respect to public and non-public company, Formentera generally would be prohibited from communicating such information to clients, and Formentera will have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Formentera personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Co-investments. Principals and employees of Formentera generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles are expected to invest in one or more of the same portfolio investments as a Fund. Co-investment opportunities generally are also expected to be presented to certain affiliates of Formentera, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles, directly in a particular portfolio investment or through an intermediate entity in a portfolio investment's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

Formentera and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (e.g., by time or percentage of capital deployed).

Subscription Lines. In borrowing on behalf of a Fund, Formentera is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the Limited Partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. The relevant

General Partner generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the Limited Partners. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to Limited Partners will be commensurate with such costs.

BROKERAGE PRACTICES

As described above, it is anticipated that the majority of the investment transactions entered into by Formentera on behalf of its clients will be privately negotiated equity investment transactions. However, in the event that Formentera purchases or sells publicly traded securities on behalf of its clients, it may use the services of a broker-dealer or prime broker, and may also use broker-dealers in identifying and effecting a Fund's private investment transactions. In such event, Formentera (including, for purposes of this section, any affiliate thereof) will select the broker-dealers used to execute transactions on behalf of such client.

Where applicable, Formentera generally will have discretion to select different brokers to be used for each transaction for their clients and to negotiate the rates and commissions its clients will pay. When engaging the services of brokers, Formentera may, subject to best execution, take into consideration a variety of factors, including, to the extent applicable, the ability to achieve prompt and reliable execution of transactions, competitive pricing, transaction costs, operational efficiency with which transactions are effected, access to deal flow and precedent transactions, and the financial stability and reputation of the particular broker, as well as other factors that Formentera deems appropriate to consider under the circumstances.

Formentera has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Formentera generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Brokers may provide other services that are beneficial to Formentera, but that are not necessarily beneficial to Formentera's clients (or which may be beneficial to certain clients but not others), including capital introductions, other marketing assistance, client and personnel referrals, consulting services, and research-related services. These other services and items may influence Formentera's selection of brokers.

Research and Other Soft Dollar Benefits. Formentera currently has no soft dollar arrangements with any broker in connection with securities transactions undertaken on behalf of its clients.

Aggregation and Allocation of Client Orders/Investments. As noted above, Formentera's investments on behalf of its clients do not customarily involve the execution of securities transactions by a broker-dealer or prime broker. Moreover, since it is anticipated that initially only one Fund will be Formentera's client and investments in which Formentera seeks to invest for such Fund and future clients are not shared between

multiple Formentera clients, Formentera does not currently anticipate making allocations of investments among multiple clients, but may do so in the future (in which event Formentera will adopt policies and procedures for fairly and equitably allocating such shared investment opportunities among its eligible clients).

REVIEW OF ACCOUNTS

Account Reviews. The investments made by Formentera on behalf of its clients are generally illiquid and long-term in nature. These investments are regularly reviewed by Formentera's investment professionals to evaluate the performance of securities in which they invest and to monitor for any changes in the assumptions and objectives underlying Formentera's investment decision. Investments may be subject to more frequent or detailed reviews when deemed appropriate.

Client Reporting. Formentera will furnish audited financial statements annually to all investors in the Funds. Each investor in the Funds also will be provided with unaudited financial information, generally on a quarterly basis (or as otherwise provided in the documentation for the Funds).

While the foregoing describes Formentera's general review and reporting expectations with respect to its clients, Formentera may agree to different review and reporting schedules with the investors in particular Funds, in Formentera's sole discretion.

CLIENT REFERRALS AND OTHER COMPENSATION

Compensation to Non-Advisory Personnel for Client Referrals. The Firm utilizes a placement agent. As described in the Firm's written service agreement with Eaton Partners, a Stifel Company, the placement agent receives compensation ranging from 1.00% and 2.00% on all capital commitments raised and accepted by the Clients' from referred or solicited investors. Due to the agreement the Firm has with the placement agent, the placement agent has an incentive to recommend the Firm, resulting in a material conflict of interest.

Receipt of Compensation. Formentera does not accept economic benefits from a person who is not a client for providing investment advice or other advisory services to the Funds.

Other Compensation. Formentera, through the Formentera Operating Company, intends to provide certain operations services to a Fund's portfolio investments and expects to receive compensation from these portfolio investments and reimbursement of its costs and expenses in connection with such services. As described in the Governing Documents, this compensation and reimbursement generally will be in addition to Management Fees payable to Formentera by such Fund and will not constitute "Transaction Fees" or otherwise offset such Management Fees. *See "Fees and Compensation."*

CUSTODY

Because one or more Formentera entities is expected to act as the manager or general partner of the Funds, Formentera will be deemed to have "custody" of the funds and securities of the Funds, within the meaning

of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). In light of Formentera’s intended investment program, it is anticipated that a substantial portion of the Funds’ assets will be invested in “privately offered securities,” meaning securities that are acquired from the issuer in a transaction or chain of transactions not involving any public offering, and transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. In addition, such privately offered securities are either (i) uncertificated, with ownership thereof recorded only on the books of the issuer or its transfer agent in the name of the relevant Fund; or (ii) evidenced by a non-transferable stock certificate or “certificated” partnership or limited liability company interest (A) that cannot be used to effect a change in beneficial ownership of the underlying security, (B) the existence (or non-existence) of which does not impact the holder’s ownership interest in such security, and (C) that can be replaced by the issuer if lost or destroyed because the holder’s ownership of the relevant security is reflected on the books and records of the issuer or its transfer agent.

Privately offered securities of the type described above are not required to be held with a “qualified custodian,” as defined under the Custody Rule. However, to the extent that the Funds hold other funds or securities (not otherwise exempt from such requirement) over which Formentera is deemed to have “custody” under the Custody Rule, such funds and securities will be maintained at one or more “qualified custodians.” A “qualified custodian” generally is a bank or savings association that has deposits insured by the U.S. Federal Deposit Insurance Corporation, an SEC-registered broker-dealer, or a foreign financial institution that holds segregated customer assets. An independent public accountant will audit the Funds (on an annual basis, and copies of the audited financial statements will be sent to the investors in the Funds, as described above in “*Review of Accounts*”).

INVESTMENT DISCRETION

Formentera will exercise discretion in managing the investments of the Funds, based on the Funds’ investment objectives, policies and strategies disclosed in their respective Governing Documents. As a general policy, Formentera does not allow clients to place limitations on its discretionary authority in managing investments. Pursuant to the terms of the Governing Documents, however, Formentera expects to enter, into Side Letters with certain Limited Partners whereby the terms applicable to such limited partner’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Formentera assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the Limited Partners of such Fund.

VOTING CLIENT SECURITIES

Formentera generally will control any voting or consent rights associated with the investments Formentera makes on behalf of the Funds. Because of the nature of Formentera’s investment strategy, however, Formentera does not anticipate that it will regularly receive proxies with respect to securities owned by the Funds and any other advisory clients. In the event that Formentera does receive a proxy with respect to any such securities, Formentera will implement policies and procedures which Formentera believes are reasonably designed to (i) ensure that it votes proxies in the interests of its clients and (ii) recognize and resolve any material conflicts of interest that may arise in the course of such voting. Formentera generally believes its interests are aligned with those of each Fund’s investors, for example, through the principals’

beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the proxy policies provide that Formentera may address the conflict using several alternatives or through other alternatives set forth in the proxy policies. Additionally, a Fund's advisory board is authorized to approve Formentera's vote in a particular solicitation. Formentera does not consider service on portfolio investment boards by Formentera personnel or Formentera's receipt of management or other fees from portfolio investments to create a material conflict of interest in voting proxies with respect to such companies.

Clients may obtain a copy of Formentera's complete proxy voting policies and procedures and information about how Formentera voted any proxies on their behalf by contacting Formentera's Chief Compliance Officer.

FINANCIAL INFORMATION

Formentera is required to provide you with certain financial information or disclosures about its financial condition. Formentera has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. *Formentera does not require prepayment of the management fees more than six months in advance, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.*