

ADV Part 2A: FIRM BROCHURE



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This brochure (this "Firm Brochure") provides information about the qualifications and business practices of Arbor Investments Management, LLC (hereinafter "Arbor", the "Firm" or "we"). If you have any questions about the contents of this Firm Brochure, please contact us at (312)-981-3770 or at info@arborpic.com. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Arbor is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Arbor is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Arbor is 157442.

Item 2. Material Changes

There have been no material changes since Arbor's last annual update to its Firm Brochure, dated March 30, 2022.

Arbor routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry best practices and Firm practices. In this year's filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2022 and
- Item 8: updated to reflect additional risk factors and potential conflicts of interest.

Consistent with SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Firm Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Table of Contents

Item	Section	Page Number
1	Cover Page	1
2	Material Changes	2
3.	Table of Contents	3
4.	Advisory Business	4
5.	Management Fees, Expenses and Compensation	6
6.	Performance-Based Fees and Side-by-Side Management	15
7.	Types of Clients	16
8.	Methods of Analysis, Investment Strategies and Risk of Loss	18
9.	Disciplinary Information	42
10.	Other Financial Industry Activities and Affiliations	42
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	42
12.	Brokerage Practices	45
13.	Review of Accounts	46
14.	Client Referrals and Other Compensation	47
15.	Custody	48
16.	Investment Discretion	48
17.	Voting Client Securities	49
18.	Financial Information	50

Item 4. Advisory Business

Our Business

Arbor Investments Management, LLC (collectively with its affiliates, “**Arbor**”, the “**Firm**”, “**we**”, “**our**” or any other such collective words) is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the “**Advisers Act**”), with its principal place of business in Chicago, Illinois. Arbor also maintains an office in New York, New York. Arbor was organized in 2006 and is principally owned by Gregory J. Purcell.

Arbor provides investment management services solely to its private equity and private debt fund clients (and their respective parallel funds and alternative investment vehicles), and any references throughout this Firm Brochure to “clients” and to Arbor’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. These funds include (a) Arbor Investments III, L.P., which includes its parallel fund, Arbor Affiliates Fund III, L.P. (together, “**Arbor III**”), (b) Arbor Investments IV, L.P., which includes its parallel fund, Arbor Affiliates Fund IV, L.P. (together, “**Arbor IV**”), (c) Arbor Debt Opportunities Fund I, L.P. (“**Arbor DOF I**”), (d) Arbor Debt Opportunities Fund II, L.P., which includes its parallel fund, Arbor Debt Opportunities Fund II-A, L.P. (“**Arbor DOF II**”), and (e) Arbor Investments V, L.P. which includes its parallel fund, Arbor Investments V-A, L.P. (together, “**Arbor V**”). Arbor III, Arbor IV, and Arbor V, together with any future private equity investment fund to which Arbor or its affiliates provide investment management services, are referred to in this Firm Brochure each as an “**Equity Fund**,” and collectively as the “**Equity Funds**”. Arbor DOF I and Arbor DOF II, together with any future private debt investment fund to which Arbor or its affiliates provide investment management services, are referred to in this Firm Brochure each as a “**Debt Fund**,” and collectively as the “**Debt Funds**”. The Debt Funds and the Equity Funds are referred to herein each as a “**Fund**,” and collectively as the “**Funds**”. In certain circumstances, Arbor permits certain investors and third parties to invest alongside a Fund directly into portfolio company or its holding company. Such direct co-investments are not considered clients or Funds of Arbor.

The general partner of each Fund (each, a “**General Partner**,” and collectively, the “**General Partners**”) is affiliated with Arbor through common ownership and control as well as shared executive officers. Each General Partner is subject to the Advisers Act pursuant to Arbor’s registration in accordance with SEC guidance. This Firm Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Arbor. The applicable General Partner of each Fund retains investment discretion and investors in the Funds do not participate in the control or management of the Funds. While the General Partners maintain ultimate authority over the respective Funds, Arbor has been designated the role of investment adviser. Each General Partner and the principals and certain investment professionals of Arbor generally participate in the Fund’s investments by investing assets directly in the Funds (through limited partner interests) or indirectly through investments in the General Partners, which in turn, invest in the Funds.

Advisory Services

Arbor specializes in managing private fund investments primarily in the food and beverage and related industries. Several of the senior investment professionals of Arbor have served as senior executives, entrepreneurs, investors and advisors to many of the world's leading food and beverage companies. We believe our specialization enables us to play a decisive role in portfolio company management and operations while maintaining perspective on valuations, financing parameters and exit/liquidation potential.

Arbor provides investment advisory services as a private equity fund manager to its Funds. The Funds invest through privately negotiated transactions in operating companies, generally referred to as "portfolio companies." Each portfolio company has its own independent management team responsible for managing its day-to-day operations, although for the Equity Funds, (i) members of Arbor or representatives appointed by the Firm are expected to serve on the boards of such portfolio companies and will therefore have a significant impact on the long-term direction of the company, including the selection of management team members and (ii) in some cases, Arbor will more directly influence the day-to-day management of a portfolio company by recruiting and installing certain individuals in various leadership roles, such as chief executive officer, chief operating officer, chief financial officer or in other roles. For each Fund, Arbor performs in-depth due diligence regarding proposed investments, structures and evaluates platform acquisitions and add-on acquisitions to portfolio companies, works closely with portfolio company management to provide strategic operating and financial advice, examines and implements succession planning, and identifies multiple exit options prior to an initial investment.

Arbor's investment advice and authority for each Fund is tailored to the investment objectives of that Fund; Arbor does not tailor its advisory services to the individual needs of investors in its Funds. Arbor's advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents, limited partnership, subscription agreements or other operating agreements of the Funds (collectively, the "**Governing Documents**") and are further described below in Item 8 under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds participate in the overall investment program for the applicable Fund, but in certain circumstances can be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents. In accordance with industry common practice, the Funds or the General Partners have entered into side letters or other similar agreements ("**Side Letters**") with certain investors 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. Examples of Side Letters entered into include provisions whereby investors have expressed an interest in participating in co-investment opportunities, notification provisions, reporting requirements, advisory board representation and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to all investors, consistent with general market practice. Side Letters are negotiated at the time of the relevant investor's capital commitment, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund. There can be no assurance that the Side Letter rights granted to one or more investors will not in certain cases disadvantage other investors.

Regulatory Assets Under Management

As of December 31, 2022, Arbor managed \$2.622 billion in discretionary regulatory assets under management. Arbor does not manage any assets on a non-discretionary basis.

Item 5. Management Fees, Expenses and Compensation

Arbor and its affiliated General Partners receive fees and compensation in exchange for advisory services provided to the Funds, including management fees, carried interest, additional compensation in connection with management services performed for the portfolio companies of the Funds and reimbursements from portfolio companies for certain expenses advanced on their behalf. Differences exist from Fund to Fund, and certain Funds do not charge certain fees, compensation or expenses that other Funds charge or charge them in different amounts. The following is a general description of fees, compensation and expenses of the Funds. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how Arbor is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

Management Fee

For our services to the Funds, we charge the Funds an asset management fee (the “**Management Fee**”).

Subject to the Governing Documents of each Equity Fund, during the relevant investment period, the Management Fee that such Equity Fund pays to Arbor commences as of the effective date of each such Equity Fund and is equal to a percentage (typically 2.0%) of the aggregate capital commitments of the non-affiliated limited partners of the Equity Fund. Effective upon the termination or expiration of the Equity Fund’s investment period or certain other circumstances specified in the Governing Documents, the Management Fee payable by such Equity Fund is reduced to an annual amount equal to a percentage (typically 2.0%) of the unrealized investments of such Equity Fund (excluding the portion of unrealized investments attributable to the General Partner and its affiliates) with respect to investments that have not been disposed of minus the aggregate amount of any permanent write-downs that have not been disposed of.

The Management Fee payable to Arbor in respect of the Debt Funds commences as of the date of each such Debt Fund’s first investment and is equal to a percentage (typically 1.5%) of the aggregate unrealized investments of such Debt Fund (excluding the portion of unrealized investments attributable to the General Partner and its affiliates).

The General Partners are permitted, in their sole discretion, to reduce or waive all or a portion of the Management Fee and Management Fees can differ from one Fund to another, as well as among investors in the same Fund. Management Fees are generally waived for Arbor employees (including employees investing through a General Partner), and their respective families investing in a Fund (although in each case, these investors generally pay their pro rata share of certain Fund expenses).

As per the provisions of certain Fund Governing Documents, Arbor is permitted to waive, defer, or reduce all or a portion of the Management Fee payable by certain Funds in full or partial satisfaction of any obligation of Arbor and certain employees and affiliates to invest in and alongside such Fund. Certain waived portions of the Management Fee are treated by the Governing Documents as deemed capital contributions by the relevant General Partner, which is effectively invested in the relevant Fund on the General Partner's behalf and operates to reduce the amount of capital the applicable General Partner would otherwise be required to contribute to such Fund. Investor capital contributions are generally accelerated due to waived, deferred, or reduced Management Fees and/or the timing of receipt of fees subject to offsets, and Fund investors could thus receive less than the full benefit of such reductions or offsets. Waived, deferred, or reduced Management Fees are not subject to the Management Fee offsets described below.

The Management Fee payable in respect of each Fund is paid in advance on a quarterly basis. 100% of the Management Fee is allocated to the limited partners of each Fund (other than affiliates of the General Partner) ratably in accordance with their respective capital commitments to such Fund. Installments of the Management Fee payable for any period other than a full twelve-month period is adjusted on a *pro rata* basis according to the actual number of days in such period. Arbor retains the flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly through a capital call notice for Management Fees and other compensation or draw on a Fund's credit facility rather than deducting such amounts from the investor's capital account(s). Where the Governing Documents calculate Management Fees based on the amount of capital commitments or investment contributions, the amount of Management Fees generally will not be reduced based on reductions in investment value except where specified by the relevant Governing Documents. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors in the relevant Fund.

The Management Fee payable by a Fund is reduced by any Excess Organizational Expenses (as defined below) or placement fees paid or reimbursed by the Fund. In addition, to the extent that Arbor or its affiliates or employees receive any directors' fees, consulting or advisory fees, monitoring fees, transaction fees or break-up or topping fees from portfolio companies of a Fund, a percentage of all such fees are applied to reduce the Management Fee payable by such Fund. Generally, Arbor applies (i) 100% of any break-up or topping fees and directors' fees, (ii) a percentage (that varies among the Funds between 65% and 100%) of any transaction fees and monitoring fees and (iii) Management Fee waivers to reduce the Management Fee payable by a Fund to Arbor. The remaining amount of any such fees will be retained by Arbor.

Arbor generally has discretion over whether to charge portfolio company fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. The Fund bears the cost of such supplemental fees, in proportion to its ownership interest in a portfolio company, subject to the offsets described above. In most circumstances, such compensation is not reviewed or approved by an independent third party. There can be no assurance that the amount of fees charged will be proportional to the amount of hours performed on behalf of a portfolio company. On occasion, in certain circumstances (such as

a portfolio company's liquidity needs or otherwise) Arbor determines in its discretion to waive, defer or renegotiate, in whole or in part, the amount of supplemental fees received from a portfolio company. Arbor endeavors to require the payment of such fees only to the extent permitted by the earnings or cash position of the applicable portfolio company, and Arbor will defer or forego the payment of such fees if too burdensome for the portfolio company or at such time a senior credit agreement prohibits the payment of such fees. In the case of amounts deferred, such payments will generally be payable in the future. Arbor makes such determinations on a case-by-case basis and reserves the right to take different actions (or no action) with respect to similarly-situated portfolio companies.

For clarity, the following fees and expenses do not offset Management Fees, in each case as applicable: (i) any fees or compensation received by or on behalf of Operating Partner Team members; (ii) fees or compensation paid to the affiliate of the General Counsel of Arbor in connection with his provision of certain legal services to portfolio companies; (iii) any amounts paid to affiliates of the General Partner of a Fund, including employees of Arbor, in substitution for or replacement of services typically provided by a full-time employee of the portfolio company or outside consultant to the portfolio company as described below in "Affiliate Transactions"; (iv) reimbursements from a portfolio company; (v) fees or expenses borne by a Fund; (vi) Broken Deal Expenses; (vii) profits interests or compensation to an affiliate (such as an Operating Partner Team member) that was entered into prior to such person becoming an affiliate of Arbor, regardless of when the interests, compensation or amounts crystallize or vest; or (viii) any portfolio company directors' or board fees paid by a former portfolio company to an Arbor employee who remains on the company's board of directors following the Fund's disposition of its investment in the company. Any supplemental fees received with respect to an investment or potential investment (including a transaction not consummated) are allocated to a Fund (and offset against the Management Fee as described above) only to the extent of the Fund's relative ownership (or anticipated ownership) of such investment or potential investment, except as otherwise set forth in the Governing Documents. Accordingly, a Fund will, in most such cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such supplemental fees and not the portion allocable to any other person that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment (which could include co-investment vehicles managed by Arbor, third parties, portfolio company management or employees and/or others), which has the potential to be significant. Further, any such reduction of a Fund's Management Fee is only applicable to the extent a Management Fee is payable by a Fund currently or in the future.

In the event that the amount of fees and expenses applied against the Management Fee exceeds the Management Fee due to Arbor for any applicable period, such excess is carried forward to reduce the Management Fee payable to Arbor in following periods. To the extent any such excess remains unapplied or is not otherwise utilized by Arbor for investments or expenses permitted under the a Fund's Governing Documents, upon (x) termination, or the final distribution, of such Fund's assets (as applicable) or (y) if permitted under such Fund's Governing Documents, at such earlier time(s) as determined by the relevant General Partner in its sole discretion, the excess amount will be distributed in accordance with the Fund's Governing Documents unless a limited partner has elected to waive such amount (e.g., where an adverse tax consequence potentially will result).

Fee Receipt Allocation

From time to time, Arbor, a Fund or a portfolio company agrees to pay a transaction fee, equity grant or other fee to a third party, such as a consultant, advisor, Operating Partner Team member, finder, placement agent, broker and/or investment banker. Similarly, on occasion certain members of a portfolio company management team receive additional cash and equity compensation, including bonus payments or incentive equity payments based on the applicable portfolio company meeting certain success hurdles. Such compensation, whether in the form of a profits or equity interest in a portfolio company or immediate holding company, generally has a dilutive impact on a Fund's investment and indirectly reduces the proceeds available for distribution to portfolio company investors at the time of such portfolio company's sale. None of these fees or compensation offset Management Fees payable by a Fund.

Carried Interest

In addition to Management Fees, the respective General Partner of each Fund, an affiliate of Arbor through common ownership and control, is entitled to receive carried interest ("*Carried Interest*") distributions from each Fund, a form of performance-based compensation, as described in Item 6 below and as more fully described in the Governing Documents.

Affiliate Transactions

To the extent that a member of the Operating Partner Team (as defined in Item 8 below) is actively involved in the management of a portfolio company, the compensation and expenses of such Operating Partner Team member will be borne by such portfolio company of a Fund on terms determined in accordance with the Fund's Governing Documents. Furthermore, each portfolio company of each Equity Fund will engage an affiliate of the General Counsel of Arbor to provide certain legal services to such portfolio company pursuant to a fixed-fee, monthly retainer arrangement at rates determined in accordance with the relevant Fund's Governing Documents. Finally, from time to time, affiliates of the General Partner of a Fund, including employees of Arbor, will provide services to portfolio companies of a Fund in substitution for or replacement of services typically provided by a full-time employee of the portfolio company or outside consultant to the portfolio company. In such event, the portfolio company will reimburse Arbor or the relevant General Partner for the cost of such services in accordance with the Fund's Governing Documents. In circumstances where Arbor commits or has committed to seek "market" or "arms-length" rates or terms, Arbor will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, Arbor undertakes no minimum (or any) amount of benchmarking, and does not represent that any such benchmarking (if any) ultimately will be accurate, comparable or relate specifically to the assets or services to which such rates or terms relate. Where such rates or terms include hourly components, Arbor reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. The Management Fee payable to Arbor by each Fund will not be offset or reduced by any of the compensation, costs or expenses paid by portfolio companies with respect to services described above.

Operating Partner Team Fees and Expenses

Additionally, as further described herein and in the Governing Documents, it is Arbor's practice to use or retain certain Operating Partner Team (as defined in Item 8 below) members to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such Operating Partner Team members generally receive compensation (including, but not limited to, (i) cash fees, employment compensation and benefits, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, guaranteed minimums or other compensation from a portfolio company or holding company or Arbor or its affiliates, and/or (ii) a profits or equity interest in a portfolio company or holding company in each case the amount of which typically is determined according to one or more methods, including the value of the time of such Operating Partner Team members, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such company) and other amounts described herein from the relevant portfolio companies or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee. Compensation in the form of profits or equity interests in a portfolio company or holding company generally has a dilutive impact on the relevant Fund's investment, and the relevant portfolio company typically will bear the costs of all Operating Partner Team member compensation as well as fees, costs and expenses of structuring Operating Partner Team member arrangements. Work performed by Operating Partner Team members for unconsummated transactions is borne by the Fund(s) that was to have participated in such transaction as part of Broken Deal Expenses.

Operating Partner Team members typically incur expenses while working with Arbor portfolio companies or potential portfolio companies, including but not limited to, the cost of travel to portfolio companies and other out-of-pocket costs, and such expenses are paid or reimbursed by either Arbor (generally in the case of work performed for the management company), the relevant portfolio company (generally in the case of consummated transactions) or the relevant Fund (generally in the case of unconsummated transactions). Some Operating Partners are also investors in the Arbor Funds.

None of these fees, bonuses, profits interests, other compensation or reimbursements received by Operating Partners are offset against Management Fees.

Co-Investment Fees and Expenses

In certain circumstances, Arbor permits certain investors to co-invest directly in an investment alongside one or more Funds, subject to Arbor's related policies and procedures, the relevant Governing Documents and/or Side Letter(s) or similar arrangements. Notwithstanding anything to the contrary contained in this Firm Brochure, and in the absence of a contractual undertaking by the co-investor, in the event that a transaction in which a co-investment was planned ultimately is not consummated, all Broken Deal Expenses (as defined herein) relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. In other words, and in the absence of a contractual undertaking by the co-investor, in the event that a transaction in which a co-investment was planned ultimately is not consummated, the co-investors will not bear Broken Deal Expenses, regardless of the timing

of any commitment by co-investors. However, to the extent that such co-investors have already invested in a portfolio company, then such co-investors are expected to bear their share of Broken Deal Expenses for transactions subsequent to such investment (which Broken Deal Expenses will generally be recorded at the portfolio company).

To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

Partnership Expenses

Each Fund is governed by its own Governing Documents, which details a description of expenses for such Fund. While differences exist among Funds, the following is a description of expenses generally charged to each Fund. Each Fund will bear all fees, costs, expenses, liabilities and obligations relating to such Fund's and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to entities formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company, a potential portfolio company or another Fund), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to originating, identifying and sourcing of investment opportunities for a Fund, including buy-side and sell-side finders' fees and other similar deal sourcing payments, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing an investment pipeline; (ii) activities with respect to the pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding-up, liquidating, dissolving or otherwise disposing of, as applicable, any holding or financing subsidiary of a Fund and a Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, consultants and similar professionals in connection therewith, closing dinners, social and entertainment costs, after-hours meals and transportation, and any fees and expenses 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, a Fund (and any financing or holding subsidiary of a Fund), Arbor, a General Partner or any affiliated partner on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, 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, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to the 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); (vii) legal, accounting, research, auditing, administration (including fees and expenses associated with

compliance with any anti-money laundering laws and regulations and any third-party administrator (including any loan administrator) and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), consulting (including expenses relating to hiring consultants (*e.g.*, headhunter fees, background checks and relocation expenses), consulting and retainer fees, salary and other compensation paid and benefits provided to the Operating Partners, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services (including costs related to the establishment or maintenance of such activities or services); (viii) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (ix) reverse breakup, termination and other similar arrangements; (x) insurance (including directors and officers liability, fidelity bond, portfolio company management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions) and the costs of any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (xi) filing, title, transfer, survey, registration and other similar activities; (xii) printing, communications, mailing, courier, marketing and publicity; (xiii) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports) or other information, including fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiv) 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 fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services); (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with the EU Data Protection Law or Freedom Of Information Act); (xvii) to the extent provided in relevant Governing Documents or otherwise approved by a General Partner in its sole discretion, activities or proceedings of an advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of a General Partner, advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of an advisory board); (xviii) indemnification obligations (including legal and any other fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xix) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award

or settlement entered into in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Governing Documents; (xx) any annual, periodic or special meeting of the partners and any other conference, meeting or webcast or other video conference with any partner(s) (in each case, including any costs associated with set-up, room and board, dining, entertainment, gifts, honorarium or speakers and other meeting or conference related costs), in each case to the extent incurred by a Fund, a General Partner or any other affiliate of a General Partner; (xxi) the Management Fee; (xxii) except as otherwise determined by a General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund, any expenses incurred in connection with the formation, management, operation, termination, winding-up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any past or anticipated structuring or restructuring of a Fund and/or its affiliated entities; (xxiii) the termination, liquidation, winding-up or dissolution of a Fund and any legal entities owned directly or indirectly by such Fund, including portfolio companies and related entities; (xxiv) defaults by partners in the payment of any capital contributions; (xxv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, a parallel Fund, a General Partner, a parallel Fund general partner, an ultimate general partner, Arbor, any entities owned directly or indirectly by a Fund (including portfolio companies) and any alternative investment vehicle of a Fund or a parallel Fund, including the preparation, distribution and implementation thereof (it being understood that amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a General Partner, a parallel Fund general partner, an ultimate general partner and Arbor shall only be Fund expenses hereunder to the extent such amendments, waivers, consents or approvals relate to the affairs of such Fund, parallel Fund or any alternative investment vehicle thereof); (xxvi) (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, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider fees, costs and expenses related thereto, any regulatory expenses of a General Partner and/or any of its affiliates incurred in connection with the operation of a Fund and any costs and expenses related to compliance with any environmental, social or governance or other investment considerations and policies applicable to a Fund, a General Partner and/or any of their respective affiliates and/or (B) any costs and expenses related to the validation or other confirmation of any payments made to a Fund or a General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxvii) any litigation or governmental inquiry, investigation or proceeding, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for the Governing Documents; (xxviii) any experts or advisors, including independent appraisers, engaged in connection with a Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same entity as one or more investment vehicles (other than such Fund) managed or controlled by its General Partner or any of its affiliates; (xxix) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Governing Documents or any limited partner's name change, internal restructuring or change in trust, registered agent or

custodian; (xxx) any taxes, fees and other governmental charges levied against a Fund and/or any alternative investment vehicle and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund and/or any alternative investment vehicle (except to the extent that a Fund is reimbursed therefor by a reimbursing partner) and any costs and expenses of or related to a tax representative, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Governing Documents; (xxxi) distributions to the partners and other expenses associated with the acquisition, holding and disposition of investments, including extraordinary expenses (including break-up or topping fees or other liabilities or obligations incurred in connection with transactions not consummated); (xxxii) unreimbursed expenses and unpaid fees of the Operating Partners or persons engaged by the Operating Partners; (xxxiii) compliance or regulatory matters (including obtaining necessary lending or similar licenses in jurisdictions in which a Fund makes investments), except as otherwise set forth in the Governing Documents, including compliance with the Governing Documents and/or any Side Letter and similar agreement; (xxxiv) amendments to, and waivers, consents or approvals pursuant to, Side Letters and similar agreements with limited partners; (xxxv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of a General Partner or Arbor at any trade conference, including any applicable registration fees and exhibition, sponsorship or other presentation fees, costs and expenses; (xxxvi) the cost of hosting or attending training programs, meetings or other events for portfolio companies, their executives and/or their personnel; (xxxvii) any travel (including, where appropriate as determined by a General Partner, the cost of using or chartering private aircraft or other private air travel (at a cost above the cost of corresponding first class commercial airfare), other air travel, car or ride sharing services or other modes of transportation), lodging, meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxviii) any of the items listed in clauses (i) - (xxxvii) above relating to any investment, restructuring, taking public or private, disposition or other opportunity not consummated, including any opportunity offered to co-investors (“**Broken Deal Expenses**”); (xxxix) any organizational expenses; (xl) any placement fees; and (xli) any other fees, costs, expenses, liabilities or obligations approved by a Fund’s advisory board;

As a general matter, Broken Deal Expenses are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. To the extent such fees, costs and expenses are incurred for the account or for the benefit of more than one Fund, each such Fund will bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment made or proposed to be made by each such Fund or in such other manner as Arbor or the General Partner believes is fair and equitable to the Funds under the circumstances over time. No Fund is responsible for or will otherwise directly incur any percentage of the organizational or operating, investment or financial reporting expenses of any other of the Funds. Notwithstanding the foregoing, similar to a third-party debt financing arrangement, it is expected that the fees and expenses associated with the investment activities of a Debt Fund, including due diligence, legal, structuring, documentation expenses incurred by such Debt Fund, generally will be paid for directly, or otherwise reimbursed, by the relevant Equity Fund.

Organizational Expenses

Each Fund pays or reimburses the relevant General Partner for all organizational expenses of such Fund, subject to a maximum amount specified in the Governing Documents. The amount and type of organizational expenses varies by Fund and is further detailed in the Governing Documents of such Fund. Organizational expenses in excess of such maximum amount (“***Excess Organizational Expenses***”) are applied to reduce the Management Fee payable to Arbor by the relevant Fund.

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

As disclosed in Item 5 of this Firm Brochure, the General Partner of each Fund, an affiliate of Arbor through common ownership and control, is entitled to receive Carried Interest distributions, which is a form of performance-based compensation structured as a profits interest. Such a performance-based profits interest is calculated based on a share of aggregate realized profits on assets of the Fund (which is generally also subject to achieving a preferred return on invested capital as set forth in the Governing Documents). The Carried Interest share is generally 20% of the realized profits, if any, earned from each investment made by the Fund; provided that investors in certain Funds may bear a higher Carried Interest percentage if certain performance thresholds are achieved, as described in the Governing Documents. Carried Interest distributions are calculated and made to the General Partner out of the proceeds of the relevant investment at the time of realization. Each Fund’s Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund’s Governing Documents received by each investor prior to investment in such Fund.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund, in its sole discretion, is permitted to waive or reduce the amount of Carried Interest for certain Funds or investors in a Fund. Specifically, if principals and employees and their respective family members and/or Operating Partner Team members are investors in a Fund, they will generally pay reduced Carried Interest or none at all.

Investors in the Funds should note that a performance-based profits interest creates an incentive for an adviser such as Arbor to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, Arbor believes the long-term nature of private equity fund investing mitigates such risk because the Carried Interest is calculated on the basis of realized, but not unrealized, gains, leading Arbor to focus on fundamentals when making platform investments and add-on acquisitions for the Funds. In addition, the General Partner of each Fund, through its own investment in the Fund, also puts its own capital at risk. Also, because there is a fixed investment period after which capital from investors in a Fund is only permitted to 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 Arbor would not otherwise have done so in the absence of such conflicts of interest.

Arbor manages multiple Funds with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of

interest with regard to Arbor's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although Arbor generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund in which Arbor or an affiliate has a greater financial interest. To the extent that Arbor has Funds with varying Carried Interest terms (including amount, timing waterfall conditions or other terms) and/or Arbor personnel are assigned varying percentages of Carried Interest from a Fund, Arbor and such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for a Fund from which they are entitled to receive a higher Carried Interest percentage.

To help minimize such conflicts of interest, Arbor allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with Arbor's policies and procedures regarding investment allocation and the applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by Arbor. Arbor's procedures are designed to ensure that all investment decisions are made in accordance with Arbor's fiduciary duties to its Funds and without consideration of Arbor's (or its affiliates' or employees') pecuniary interest. Arbor will not allocate investment opportunities based in whole or in part on the relative fee structure or amount of fees paid by any Fund or the profitability of any Fund. Investment allocation is determined by the investment committee.

Item 7. Types of Clients

We provide investment management services to several private funds as disclosed at Item 4 of this Firm Brochure, each of which is exempt from registration under the Investment Company Act. The Funds limit their respective investors to: (i) "accredited investors" as defined in the Securities Act of 1933, and (ii) "qualified purchasers" or "knowledgeable employees," each as defined in the Investment Company Act, or (iii) if applicable, "qualified clients," as defined in the Advisers Act. Investors in the Funds must also meet certain other suitability qualifications prior to making an investment in a Fund. The Funds are not registered or required to be registered under the Investment Company Act, are not made available to the general public, their securities are not registered or required to be registered under the Securities Act of 1933 and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to Arbor and/or the Funds. The Funds typically require capital commitments from each investor of \$1 million to \$10 million, depending on the Fund, although the applicable Fund's General Partner has, in its sole discretion, accepted lesser amounts.

The investors participating in the Funds include high net worth individuals, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations, fund of funds, corporations, limited partnerships, limited liability companies or other business entities, Operating Partner Team members or other service providers retained by Arbor, and typically include, directly or indirectly, principals or other employees of Arbor and its affiliates and members of their families.

Arbor will generally pursue all appropriate investment opportunities through its Fund vehicles, subject to certain limited exceptions. Arbor, from time to time, requires additional capital in order to complete a portfolio company transaction and frequently reaches out to select investors and third-parties for additional capital. These co-investments are not managed by Arbor, are not subject to custody by Arbor and are not deemed to be clients of Arbor. Nevertheless, Arbor will perform management, advisory and other services for the portfolio companies in which these co-investment vehicles invest alongside the Funds, generally at no additional cost to such vehicles except portfolio company fees and expenses (which such expenses are recorded at the portfolio company).

Opportunities to participate in co-investment transactions arise when Arbor has the opportunity for an investment in an existing or prospective portfolio company and Arbor determines that (i) an investment requires additional capital, (ii) all or a portion of the applicable opportunity is not required to be offered to a Fund, (iii) the full investment opportunity is not appropriate for a Fund, whether due to concentration restrictions contained in the Fund's Governing Documents or otherwise or (iv) it is advantageous to offer co-investment to third parties, including Operating Partner Team members and management or founders of the applicable portfolio company. Such determinations are based on the provisions of the applicable Governing Documents, Side Letters, agreements with lenders and such other factors as Arbor will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any Side Letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. Arbor's exercise of discretion in allocating co-investment opportunities will not always result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are permitted, it is possible that the size of the investment opportunity otherwise available to Arbor's Fund(s) will be less than it would otherwise have been without the inclusion of such co-investors.

While one or more investors in the Funds are on occasion invited to co-invest in a Fund's portfolio companies, Arbor is authorized in its sole discretion to offer any or all of a co-investment opportunity to investors that are not investors in the Funds. Co-investment opportunities may be made available to select Fund investors and third parties, including, without limitation, management or founders of the applicable portfolio company, co-sponsors, strategic investors, lenders, investment bankers, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), service providers, Operating Partner Team members, sector experts, strategic advisors, other persons or entities affiliated, associated or otherwise known to Arbor or its personnel. Certain service providers, including lenders and individuals who source transactions, are expected in the future to negotiate co-investment rights

or co-investment priority rights as a component of their compensation in connection with the services provided.

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

Methods of Analysis and Investment Strategies

Arbor believes its senior professionals' frequent interaction with owners and senior executives of various companies help us to identify investment opportunities for the Funds. In addition, Arbor has gathered seasoned executives and others to act as advisors and consultants to the Funds and their portfolio companies (hereinafter, the "*Operating Partner Team*"). These individuals typically have had long and established careers and background in the food and beverage industries. From time to time, Arbor reserves the right to engage traditional investment banks or brokers to generate investment opportunities and/or sales of portfolio companies. Finally, due, in our view, to our reputation as one of the largest food and beverage-focused investment firms and a value-added partner to our portfolio companies, food and beverage entrepreneurs from time to time proactively approach Arbor as a resource for financing.

As an adviser to the Funds, Arbor primarily, though not exclusively, invests in securities issued by private companies. As such, traditional securities analysis is generally not possible when formulating investment recommendations. Instead, we rely on a robust due diligence process of prospective portfolio companies in determining which to invest in on behalf of the Funds.

Arbor employs a disciplined investment process in evaluating potential investments and performs rigorous analysis of the historical and prospective performance of potential portfolio companies. Our due diligence investigation is comprehensive and includes: (a) detailed financial and operational analyses; (b) extensive face-to-face management meetings; (c) primary industry, served market, technology and competitive research; (d) customer calls and reference checks; and (e) additional company and sector specific analyses. The due diligence process is designed to verify our investment thesis by thoroughly understanding the company's strategy, market position, operations and management experience. In addition, the due diligence process includes the identification of both acquisition candidates and potential strategic buyers. Prior to any investment, we will seek to identify multiple potential exit options.

Our due diligence process is designed to ensure that each deal team benefits from the experience of our senior management and from additional Arbor colleagues who have devoted substantial portions of their careers to the particular business activity in which the prospective portfolio company is engaged. In addition, Arbor has built a network of lawyers, accountants, information technology and due diligence professionals and consultants with experience in the food and beverage industry who work in tandem with Arbor to advise on certain Fund investments from time to time.

In connection with investments in portfolio companies, the Funds generally will seek to secure board representation and appointment rights. Through this board participation right and management services provided to the portfolio companies, Arbor professionals also provide guidance to portfolio companies based upon the collective experience of our team of investment

professionals. Arbor believes its depth of industry experience makes us a preferred partner for a middle-market food and beverage company. Through their prior experiences as owners, operators and advisors, we believe Arbor professionals are able to add insight and value through strategic, operating and financial recommendations to maximize growth and profit potential. Arbor often introduces add-on acquisition candidates, provides advice on the timing of asset/subsidiary divestitures and exit strategies, consults on financial structuring issues and generally provides a knowledgeable, yet objective, perspective to operating decisions. We believe this wealth of knowledge and experience can be leveraged to assist a portfolio company in defining strategic direction, refining product line expansion, identifying add-on acquisitions, evaluating competitors and facilitating strategic introductions and alliances.

Risk of Loss

Securities investments are not guaranteed and it is possible an investor in a Fund will lose money on its investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. Different or new risks not addressed below can arise in the future and, therefore, the following list is not intended to be exhaustive. Investors or prospective investors should carefully review the detailed explanation of the many risks associated with investments in the Funds as provided in the Governing Documents, which include, but are not limited to:

Food & Beverage Industry

The food and beverage industry is highly competitive and there can be no assurance that the companies in which the Funds invest can compete successfully with other companies in the industry. Numerous brands and products compete for shelf space and sales, with competition based on, among other things, product quality, convenience, price, brand recognition and loyalty, customer service, effective advertising and promotional activities and the ability to identify and satisfy emerging consumer preferences. The companies the Funds invest in often compete with a significant number of companies of varying sizes, including divisions or subsidiaries of larger companies. A number of these competitors will have broader product lines, substantially greater financial and other resources available to them, lower fixed costs and/or longer operating histories than the companies in which the Funds invest. There can be no assurance that the companies in which the Funds invest can compete successfully with such other companies. Competitive pressures, escalating commodity costs, or other factors could cause the products produced by the companies in which the Funds invest to lose market share or result in significant price erosion, which could have a material adverse effect on a Fund's business, financial condition and results of operations and, as applicable, correspondingly the ability of such companies to repay or refinance a Fund's investments.

Impact of Government Regulation, Reimbursement and Reform

The food and beverage industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to the food and beverage industries are complex, may be ambiguous or lack clear judicial or regulatory interpretive guidance. An adverse review or

determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund invests.

Competition for Investments

The Funds expect to encounter competition from other entities having similar investment objectives. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. Potential competitors include other investment partnerships and corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial resources and more personnel than Arbor, the General Partners or their affiliates. It is possible that competition for appropriate investment opportunities will increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which portfolio investments can be made. There can be no assurance that the Funds will be able to identify or consummate portfolio investments satisfying their investment criteria, that the Funds will be able to fully invest their committed capital or that such investments will satisfy the Funds' rate of return objective.

Need for Follow-On Investments

Following its initial investment in a given portfolio company, Arbor typically decides to provide additional funds to such portfolio company or has the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. Given the Funds' investment strategy of investing in platform companies, the Funds generally intend to provide additional funds to its platform companies. There can be no assurance that a Fund will be able to make follow-on investments or that a Fund will have sufficient capital to make all of the follow-on investments that it desires. Any decision by a Fund not to make a follow-on investment or its inability to make such investments can have a substantial negative impact on a platform or portfolio company in need of such investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or result in a lost opportunity for the Fund to increase its participation in a successful portfolio investment.

Ability of the Arbor Equity Funds to Successfully Exit Investments

The ability of the Equity Funds to achieve successful and profitable exits of their portfolio investments has the potential to be impacted by a number of factors, including general economic conditions, interest rates, availability of capital, interest levels of strategic and financial buyers, and cyclical trends in the food and beverage industry segments. It is difficult to predict with any certainty whether there will be a ready and willing market of buyers for any particular portfolio company at the time an Equity Fund seeks realization. Additionally, the Debt Funds' returns on their investments will be impacted by the ability of the Equity Funds' to achieve successful and profitable exits of their portfolio investments.

Nature of Subordinated Debt Securities

The Debt Funds will only make an investment if the relevant portfolio company of the relevant Equity Fund already has institutional third party senior debt or institutional third party senior debt

is also being provided to the relevant portfolio company, at the same time and as part of the same transaction by which such Debt Fund invests in debt securities of such portfolio company. The debt securities in which the Debt Funds will invest will typically be unsecured whereas all or a significant portion of the senior indebtedness of the relevant portfolio company will be secured. The ability of the Debt Funds to influence a portfolio company's affairs, particularly during periods of financial distress or following an insolvency, is likely to be substantially less than that of the senior creditors. For example, under the terms of typical subordination agreements, senior creditors are able to block the acceleration of the subordinated debt or the exercise by holders of subordinated debt of other rights they may have as creditors. Accordingly, there exists the possibility that the Debt Funds will not be able to take the steps necessary to protect their investments in a timely manner or at all. Although the Debt Funds intend to structure investments to include protective terms and conditions, the Debt Funds' investments may not always be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt securities in general are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called "lender liability" claims by the issuer of the debt obligations, and (iii) environmental liabilities that may arise with respect to collateral securing the obligations.

Certain of the debt investments by the Debt Funds are expected to be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on a debt obligation held by a Debt Fund earlier than expected. This can happen when there is a decline in interest rates. Early repayment of a Debt Fund's investments may have a material adverse effect on such Debt Fund's investment objectives and the rate of return on invested capital. To address this risk, investments generally will be subject to prepayment penalties of 2% of the original principal amount in the first year and 1% of the original principal amount in the second year.

General interest rate fluctuations can have a substantial negative impact on the Debt Funds' investments and investment opportunities, and accordingly, a material adverse effect on the Debt Funds' investment objectives and the rate of return on invested capital.

Investments in Less Established Companies

While not the primary strategy, pursuant to the Governing Documents a General Partner is permitted to invest a percentage of the relevant Equity Fund's aggregate capital commitments in the securities of less established companies, including early-stage and growth-stage companies. While investments in early-stage and growth-stage companies offer the opportunity for significant capital gains, such investments generally involve greater risks than generally are associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also often have shorter operating histories on which to judge future performance and in many cases will have negative cash flow. Start-up enterprises may not have significant or any operating revenues and any such investment should be considered highly speculative and may result in the loss of an Equity Fund's entire investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on an Equity Fund's other portfolio investments.

Non-Controlling Investments

While uncommon, the Equity Funds have on occasion made meaningful minority stakes investments in privately held companies and in some cases have limited minority protection rights. As is the case with minority holdings in general, such minority stakes will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where an Equity Fund holds a minority stake, it may be more difficult for the Equity Fund to liquidate its interests than it would be had the Equity Fund owned a controlling interest in such company. Even if an Equity Fund has contractual rights to seek liquidity of the Equity Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such Equity Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Operating and Financial Risks of Portfolio Companies

The financial and operational performance of companies in which the Funds invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. As a result, companies which the Funds expected to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress.

Limited Access to Information

Limited partners' rights to information regarding a Fund, the relevant General Partner or Arbor generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Arbor's control. Decisions by Arbor or its affiliates to withhold information can have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information can also make it difficult for a limited partner to monitor Arbor and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally will, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Arbor reserves the right to withhold certain information from investors subject to such laws for reasons relating to Arbor's public reputation, business strategy or other reasons.

Material, Non-Public Information

As a result of the operations of Arbor and its affiliates, as well as in connection with officerships or directorships of Arbor personnel, Arbor on occasion comes into possession of confidential or

material, non-public information. In the event Arbor and its affiliates have access to material, non-public information that is relevant to an investment decision to be made by a Fund, a Fund can be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, has been undertaken on account of applicable securities laws or Arbor's internal policies and practices.

Investments in Junior Securities

The securities in which the Equity Funds will invest are expected to be among the most junior in a portfolio company's capital structure and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Investments Longer than Term

The Funds may make investments which cannot be advantageously disposed of prior to the date a Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partners expect the investments will be disposed of prior to a Fund's dissolution or be suitable for in-kind distribution at dissolution, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of such Fund's dissolution. In addition, although upon the dissolution of a Fund the relevant General Partner (or the relevant liquidator) will be required to use reasonable efforts to reduce to cash and cash equivalents such assets of the Fund as the General Partner or such liquidator shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations (including legal restrictions on the ability of a limited partner to hold any assets to be distributed in kind), over such time as is reasonably necessary to settle gradually and close the Fund's business under the circumstances then applicable to the Fund, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the limited partners will occur.

General Economic and Market Conditions

The private equity industry generally and the success of the Funds' investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by Arbor. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and affect the Funds' 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 or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the companies in which a Fund has invested. The Funds' performance can be affected by deterioration in the capital markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of an investment. Such adverse effects may include the requirement of a Fund to pay Broken Deal Expenses (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments.

The impact of market and other economic events may also affect the Funds' ability to obtain funding to support its investment objectives.

Many of our investments are exposed to inflationary pressure. Significant changes in commodity and energy prices, foreign currency exchange rates, wages or interest rates as well as increased material, freight, logistics, and similar costs could have a substantial adverse effect on the financial condition or results of operations of our investments. Further, as deflation declines, an investment might not be able to reduce expenses commensurate with any resulting reduction in revenue.

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 in a portfolio company's capital structure.

Uncertain Economic, Social and Political Environment

Consumer, corporate and financial confidence can be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty, including the spread of infectious viruses or diseases, has the potential to 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 can likely have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This has the potential to slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty, including the uncertainty stemming from the spread of infectious viruses or diseases, or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

Financial Institution Risk; Distress Events

An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Arbor, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid

the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Arbor to manage the Funds and their investments, and on the ability of Arbor, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of Arbor and/or the portfolio companies to make payroll, fulfill obligations and maintain operations. Although Arbor expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. In addition, in the event Arbor determines to change Financial Institutions, there is a risk that the transfer of cash or other assets, especially if done in an expedited manner, will result in a technical violation of Advisers Act Rule 206(4)-2 (the “Custody Rule”), even if performed in the Firm’s best judgment of its efforts to fulfill its obligations and maintain operations, including its ability to close transactions, make payroll or otherwise.

Many Financial Institutions require, as a condition to using their services or otherwise, that Arbor and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution or its affiliate(s) (each, a “**Custodian**”), which heightens the risks associated with a Distress Event with respect to such Custodians. Although Arbor seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Arbor is under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes

There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds. Any such changes are expected to materially impact Arbor, the Funds and/or the investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds’ activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute their investment strategy or achieve their investment objectives.

Public Health Emergencies; COVID-19.

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19, 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.

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 is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's 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. 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 Arbor or one of its service providers holding its financial or investor data, Arbor, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Arbor's policies and practices.

Deterioration of Credit Markets

In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Funds to obtain favorable financing for investments, the Funds' ability to generate attractive investment returns has the potential to be adversely affected. Moreover, to the extent that such marketplace events are not temporary and continue, they can have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also can restrict the ability of the Funds to realize their investments at favorable times or for favorable prices.

Use of Leverage

The Equity Funds are permitted to make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. While investments in leveraged companies offer the opportunity to improve rates of investment return and/or reduce the overall cost of capital for such companies, leverage generally magnifies both the opportunities for gain and the risks of loss from investments, and the magnification of the risk of loss can sometimes be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which at times will be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also often imposes restrictive financial and operating covenants on

a company, in addition to the burden of debt service, and can impair 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 an Equity 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 an Equity Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, an Equity Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Equity Fund. Additionally, lenders would typically have a claim that has priority over any claim by an Equity Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time an Equity Fund determines that it is desirable to sell all or a part of a portfolio company, it is possible an Equity Fund will not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, an Equity Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect the Equity Fund's ability to generate attractive investment returns for the Equity Fund as a whole. Any failure by lenders to provide previously committed financing could also expose an Equity Fund to potential claims by sellers of businesses which an Equity Fund has been contracted to purchase.

To the extent an Equity 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 Equity 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 a 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, it is possible that limited partners will be obligated to contribute capital on an accelerated basis if a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against a Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental 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 a 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, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and other financial performance metrics and thereby can be deemed to benefit the marketing efforts of the General Partner and its affiliates. 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.

In Fund-level borrowing, Arbor is subject to potential conflicts of interest between repaying such Fund-level borrowing obligations and retaining such borrowed amounts for the benefit of the Fund. In circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, Arbor 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 a 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 investors would otherwise be entitled had Arbor called capital, and thus could result in Arbor receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, an investor would 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 investors will be commensurate with such costs.

A credit agreement frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line can 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. 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 could conceivably agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the 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. The General Partners are authorized to use Fund-level borrowing to pay Management Fees and to reimburse Arbor for expenses incurred on behalf of the Funds. A Fund is also permitted to utilize Fund-level borrowing when the 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.

Bankruptcy of Portfolio Companies

The Debt Funds are permitted to make investments in debt securities of portfolio companies of the Equity Funds that are otherwise experiencing, or are expected to experience, severe financial difficulties, which may never be overcome. Such investments could, in certain circumstances, subject the Debt Funds to certain additional potential liabilities, which may exceed a Debt Fund's original investment in such portfolio company. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed, or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Debt Fund and distributions by a Debt Fund to the limited partners would be expected to be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Because the Equity Funds will hold equity securities in portfolio companies, if a portfolio company becomes insolvent or bankrupt, the risk of subordination of the relevant Debt Fund's claims is increased. The Equity Funds' exercise of management rights may also lead creditors of a Debt Fund's portfolio company or other parties to assert claims against such Debt Fund.

Non-U.S. Investments

Subject to certain investment limitations set forth in the Governing Documents, the Funds are permitted to invest in portfolio companies that are organized and/or have substantial sales or operations outside of the United States, its territories and possessions. Such investments will likely be subject to certain additional risks due to, among other things (i) currency exchange matters, including the risks associated with fluctuating currency exchange rates, (ii) potentially unsettled points of applicable governing law, (iii) the application of complex U.S. and non-U.S. tax rules to cross-border investments, (iv) possible imposition of non-U.S. taxes on a Fund and/or its limited partners with respect to a Fund's income, (v) possible non-U.S. tax return filing requirements for a Fund and/or its limited partners, (vi) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative liquidity of some non-U.S. securities markets, (vii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and variations in government supervision and regulation, and (viii) certain economic and political risks, including potential exchange control regulations

and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation.

Unspecified Investments

Limited partners will not have any opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Funds and, accordingly, will be dependent upon the judgment and the ability of the General Partners to identify, structure and implement investments consistent with the Funds' investment objectives and policies. It is possible a Fund will be unable to find a sufficient number of attractive opportunities to meet its investment objectives. The success of a Fund will depend on the ability of the relevant General Partner to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of investments. While the General Partners intend generally to apply the investment strategy and investment process described herein and in the Governing Documents to the Funds' portfolio investments, a General Partner reserves the right to pursue a wide variety of investment strategies and/or modify or depart from the investment strategy and investment process or investment techniques described herein and in the Governing Documents if it identifies investment opportunities that it believes are sufficiently attractive on a risk/reward basis.

Insufficient Investment Opportunities

It is possible a Fund will be unable to find a sufficient number of attractive opportunities at appropriate prices to meet its investment objectives. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), limited partners will be required to bear Management Fees through such Fund during the investment period based on the entire amount of the limited partners' commitments to such Fund and other expenses as set forth in the Governing Documents.

Concentration of Investments

The Funds intends to make their investments principally in the food and beverage and related industry. Concentration in a single industry involves risks greater than those generally associated with diversified investment funds, including significant fluctuations in returns. The General Partners have established guidelines generally limiting the amount of capital which can be invested in any single investment in a company (or group of investments in a single company). Although it is the present intention of the General Partners to spread the capital at risk among a number of investments, subject to the foregoing limitation, the Funds will participate in a limited number of investments and at any time may hold a few relatively large (in relation to its capital) investments in portfolio companies, the negative performance of which can have a material adverse impact on a Fund's capital. Accordingly, the aggregate return to a Fund may be substantially affected by the performance of a single portfolio company.

Investor Transfer of Interest

In certain cases, Arbor will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interest in a Fund. In the case of ordinary transfers, Arbor will not receive compensation for identifying such transferees and will use its discretion to select such transferees

based on eligibility and other factors, and unless required by the relevant 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. On occasion, a General Partner or members of a General Partner have purchased the Fund limited partner interest of departing employees.

Potential Conflicts of Interest

The material conflicts of interest that a Fund encounters include those discussed below and elsewhere in this Brochure. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that Arbor, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that Arbor will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. In particular, Arbor expects in the future to identify additional conflicts of interest that currently are not apparent to the Firm or to the broader alternative investments industry, as well as conflicts of interest that arise or increase in materiality as the Firm develops new investment platforms or business lines and otherwise adapts to dynamic markets and an evolving regulatory environment. To the extent that Arbor identifies conflicts of interest in the future, the Firm intends, but is under no obligation, to disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Firm Brochures or in other written or oral communications to the advisory boards or to investors more generally.

There will be occasions when Arbor, the General Partner of a Fund and/or their respective affiliates will encounter potential conflicts of interest in connection with Arbor's investment management services to the Funds and their investment activities. In connection with any actual or potential conflict of interest, the General Partner of a Fund reserves the right to take such actions as it believes are necessary or appropriate to ameliorate such conflict. These actions may include, by way of example: (i) disposing of the security giving rise to the conflict of interest; (ii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; or (iii) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the Advisory Board (as defined below) of the applicable Fund regarding the conflict of interest and either obtaining a waiver from such Advisory Board of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the Advisory Board with respect to such conflict of interest.

In addition, the Governing Documents contain provisions that, to the maximum extent not prohibited by applicable law, are designed to (i) reduce or modify the duties, including fiduciary duties, that Arbor and the General Partner owes to a Fund and its investors; (ii) waive duties or consent to the conduct of Arbor and the General Partner and their respective affiliates that might not otherwise be permitted pursuant to such duties; and (iii) limit the remedies of an investor in a Fund against Arbor and the General Partner and their respective affiliates with respect to breaches of such duties. Additionally, the Governing Documents contain exculpation and indemnification provisions that, subject to the specific exceptions identified therein, provide that the General

Partner, Arbor and their respective employees and affiliates will be held harmless and indemnified, respectively, for matters relating to the operation of the Fund, including matters that involve one or more potential or actual conflicts of interest.

Allocation of Investment Opportunities

Certain conflicts of interest among investors in a Fund, on one hand, and Arbor, the General Partner of such Fund and their respective affiliates or principals, on the other hand, have the potential to arise with respect to the allocation of prospective investment opportunities. Generally speaking, during each Fund's investment period, the General Partner of the Fund is obligated to present all investment opportunities that it believes, in its sole discretion, are suitable for and in the best interests of the respective Fund to such Fund. The determination of whether or not an investment is suitable or in the best interest of the Fund will be made by the General Partner in its sole discretion, however, in the exercise of this discretion the General Partner can determine to cause such Fund to forego certain investment opportunities or limit the amount of the investment opportunity a Fund undertakes. In such instances, the investment opportunity is permitted to be allocated, in whole or in part, to other Funds or foregone entirely. For example, the General Partners reserve the right, in their sole discretion, to allocate certain investment opportunities, such as follow-on investments, to one Fund versus another Fund based on a number of investment considerations, including the respective Funds' available capital, investment criteria, including size of investment and anticipated duration/hold period.

Arbor, its affiliates, and equity holders, officers, principals and employees of Arbor and its affiliates reserve the right to buy or sell securities or other instruments that Arbor has recommended to a Fund. In addition, officers, principals and employees reserve the right to buy securities in transactions deemed unsuitable for a Fund. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in Arbor'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 Arbor have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

Furthermore, under the Governing Documents, except for investment opportunities that are suitable or appropriate follow-on investments of existing Fund portfolio companies, the General Partner and its affiliates are not obligated to present to a Fund an investment opportunity that does not require a minimum amount of equity to consummate as specified in the Governing Documents, even if it is otherwise suitable for investment by such Fund. In such instances, affiliates of the General Partner, including the principals and employees of Arbor, are permitted pursue the investment opportunity directly.

Except to the extent prohibited by the Governing Documents, Arbor 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, Arbor and its personnel are also permitted to offer, restructure and monetize interests in Arbor.

Conflicts between Equity Funds and Debt Funds

Investments by a Debt Fund are limited to investing in subordinated debt securities issued by one or more companies in which the relevant Equity Fund has made an equity investment. Because a Debt Fund and the relevant Equity Fund will invest in different classes or types of securities of the same portfolio company, potential conflicts of interest will arise between such Debt Fund and Equity Fund. For example, a Debt Fund and an Equity Fund can have conflicting investment objectives, including with respect to the operation of the relevant portfolio company, the targeted returns from the investment and the timeframe for, and method of exiting, the investment, particularly where the Equity Fund has a controlling interest in the portfolio company. The Governing Documents generally provide that (a) the General Partner of a Debt Fund, Arbor and any of their respective officers, directors or employees (each a “**Conflict Person**”) have the absolute right to exercise or refrain from exercising any right that such Debt Fund may have by reason of its investments in the relevant Equity Fund’s portfolio companies debt securities and (b) none of the General Partner of such Debt Fund or any other Conflict Person will incur any liability to the relevant Equity Fund or its investors with respect to exercising or refraining from exercising any such right or rights and, in connection therewith, each of such Debt Fund, its respective General Partner and each other Conflict Person is permitted to take any actions or omit to take any actions solely in its own interest without taking into account or consideration the interests of the relevant Equity Fund or any investor in such Equity Fund.

Furthermore, if a portfolio company in which a Debt Fund and the relevant Equity Fund have invested encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (including conflicts over proposed waivers and amendments to debt covenants). As a result of the foregoing, actions taken by a Debt Fund to enforce the terms of its debt securities, including actions taken in response to any default of such securities by the relevant Equity Fund’s portfolio company, could adversely impact the value of such Equity Fund’s equity investment in such portfolio company. To seek to address this potential conflict of interest, the Governing Documents generally provide that the General Partner of a Debt Fund is required to consult with such Debt Fund’s Advisory Board concerning the appropriate course of action to be taken by the Debt Fund if (i) an event of default exists under the terms of any debt instrument of any of the relevant Equity Fund’s portfolio companies held by such Debt Fund, or (ii) a restructuring or amendment of the terms of any debt instrument of any such portfolio company held by such Debt Fund is proposed to be effected (each of clauses (i) and (ii), a “**Debt Conflict**”). If the Advisory Board of a Debt Fund and its General Partner are unable to agree on a course of action for such Debt Fund in a reasonable period of time to resolve the Debt Conflict, the Advisory Board of such Debt Fund shall select and appoint an independent third party reasonably acceptable to such Debt Fund’s General Partner to administer the debt securities on behalf of the Debt Fund, and such Debt Fund shall take all actions with respect to the administration of such debt securities as determined by such third party administrator.

The General Partners of the Equity Funds, which are under common control with the General Partners of the Debt Funds, have sole discretion regarding financing alternatives and investment

structures that will be pursued in connection with equity investments of the Equity Fund, including whether and to what extent to utilize subordinated debt financing and the source of such subordinated debt financing. In this regard, the Equity Funds' General Partners have discretion whether to elect to utilize or not utilize subordinated debt financing in connection with an Equity Fund's portfolio company in its sole discretion. Even if subordinated debt financing is utilized, the General Partner of an Equity Fund is not obligated to utilize the relevant Debt Fund to provide all or any portion of such subordinated debt financing. In situations where a Debt Fund is selected to provide subordinated debt financing to the relevant Equity Fund's portfolio company there is no obligation or requirement for such Equity Fund to obtain a competitive financing proposal from a third party.

Time Commitment

The General Partner of a Fund and its affiliates, including the principals and senior employees of Arbor, are expected to be, or become, involved in the operation and management of other businesses and, while it is expected that they will devote an adequate amount of time to the management of each Fund, conflicts of interest have the potential to arise with respect to allocating their professional time between the management of the Funds and their various other business pursuits.

Without limitation, Arbor 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. Arbor personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Arbor's principals and Arbor's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Arbor principals expect from time to time to control or manage generally have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, Arbor principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. Unless restricted by the Governing Documents, Arbor personnel are permitted to serve on boards or act in other roles unaffiliated with Arbor, 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. Such companies are not portfolio companies of a Fund and, as a result, any compensation received by an employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or investors.

Co-Investments

Arbor reserves the right to make co-investment opportunities of any Fund available to the limited partners of such Fund or third parties as Arbor believes to be appropriate and in the best interest of such Fund. Allocation of such opportunities creates a conflict of interest as co-investments generally are, by nature, limited and participation is not possible for all or even most investors in the Funds. As such, Arbor must determine which investors will be given the opportunity to co-invest and which will not. Investors should note that Arbor's allocation of co-investment opportunities may be driven by prior arrangements (including any priority co-investment rights or targeted co-investment amounts negotiated for in Side Letters) or other strategic considerations.

For example, Arbor generally will give priority to limited partners that have negotiated, at the time of their original capital commitment to the relevant Fund, Side Letters requiring that Arbor provide them any co-investment opportunities that become available, to the extent applicable. In addition, Arbor reserves the right to allocate co-investment opportunities to third party investors that are part of a consortium for the particular deal as a way for Arbor to complete a deal. Finally, although limited partners are not typically a source of investment opportunities, when applicable, Arbor generally will give priority with respect to co-investment opportunities to any limited partner that brought an opportunity to Arbor's attention. Arbor reserves the right to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; Arbor'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 Arbor's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; and whether Arbor believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds or Arbor. Although Arbor 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 Arbor in identifying co-investors.

In addition to the foregoing, Arbor, in its sole discretion, reserves the right to make co-investment opportunities available to unaffiliated third parties, including individuals whom Arbor has deemed to be strategic advisors. For example, individuals who have made co-investments with the Fund in portfolio companies have included employees of law firms that provide legal services to Arbor, the Funds, or portfolio companies of the Funds, employees of the placement agent that assists in fundraising activities for the Funds, employees of unaffiliated investment advisers who have recommended the Funds to their clients and former managers of Fund portfolio companies. To the extent these co-investment opportunities appear to benefit Arbor and its principals at the expense of a Fund or its limited partners, allocation of co-investment opportunities to unaffiliated third parties creates a potential or apparent conflict of interest between Arbor, the relevant General Partner, principals and employees of Arbor on one hand and limited partners of such Fund on the other hand. To seek to minimize this potential conflict of interest, third party unaffiliated co-investment opportunities are typically limited in amount and Arbor discloses all co-investments by investor type to Fund limited partners on a quarterly basis.

Arbor reserves the right to also offer employees of Arbor, the General Partner and members of the Operating Partner Team additional opportunities to co-invest in portfolio companies with the

Equity Funds. Co-investments by employees of Arbor and the General Partner are limited under the terms of the Governing Documents. For example, co-investments by employees of Arbor in investments of Arbor III are made on a case-by-case basis in each portfolio company. Conversely, with respect co-investments with Arbor IV and Arbor V, Arbor employees are required to make an annual election to invest additional amounts that will be co-invested in all Arbor IV or Arbor V investments, as applicable, that are made during the following twelve month period. With respect to co-investments by an Arbor employee in any Equity Fund, the aggregate amount of co-investments by all Arbor-related persons is not permitted to exceed 1% of the aggregate investment made by the respective Equity Fund and other co-investors. Co-investments by members of the Operating Partner Team are generally not limited by the terms of the Governing Documents.

Such co-investments discussed herein typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the relevant Fund making the investment. However, from time to time and subject to the Governing Documents, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (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. Any such purchase from a Fund by a co-investor or co-investment vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. When co-investors purchase their interest from a Fund after the Fund has consummated the investment, the price paid by co-investors is typically determined by the Fund's General Partner in its sole discretion. The price may not reflect the full cost incurred by the Fund in connection with the investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the portfolio company (if applicable) or the risk borne by the Fund in connection with purchasing and warehousing the investment. In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which a Fund is throughout the investment process. The Funds will bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment will acquire such interest on terms that do not reflect the then-current value of such investment. In addition, to the extent that Arbor engages in a secondary liquidity transaction in connection with an investment, co-investors will not necessarily receive the same liquidity options as investors in a Fund and may therefore be compelled to receive cash or continue to hold an interest in the investment, depending on the particular facts of the transaction.

Arbor's allocation of investment opportunities among the persons and in the manner discussed herein typically 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 Arbor will allocate investment opportunities in a manner that it believes in good faith 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 Arbor expects to be subject, discussed herein, did not exist.

In the event Arbor is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that a Fund will consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, it is possible an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns. Arbor has the ability to charge fees to co-investors in portfolio companies. As such fees are not subject to a Management Fee offset and are thus retained by Arbor, the opportunity to receive such fees could present a conflict of interest. Further, as Management Fees are offset based on each Fund's invested capital in an investment, the inclusion of co-investors presents a conflict of interest in that Arbor could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement.

Valuation of Assets

There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partners will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the General Partners gives rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Management Fees.

The Firm has established a valuation policy, which it will follow when performing portfolio company valuations. Each General Partner will determine the value of the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Arbor does not intend to retain the services of a third-party valuation consultant to assist in performing portfolio company valuations. The valuation of the Funds' assets as performed internally by Arbor's own team and such valuations are not reviewed by an independent third party; however, all valuations are subject to an annual review by the Funds' outside auditors as part of each Fund's annual financial statement audit. The exercise of discretion in valuation by the Firm has the potential to give rise to conflicts of interest, including excess valuations which may would impact the amount and timing of distributions of carried interest and

the calculation of Management Fees. Generally, there will be no retroactive adjustment in the valuation of any investment or the fees and/or performance-based compensation paid to the Firm to the extent any valuation proves to not accurately reflect the realizable value of an investment.

In addition, the Firm regularly reports to Fund investors, prospective investors and the investor community more generally, metrics of each Fund's performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Funds' investments, including unrealized investments. These reports are an indication of the overall performance of a Fund and are important to the Firm's efforts to attract investors to the Firm and any current or future Fund. An objective of Arbor's valuation methodologies and procedures is to eliminate any influence these incentives have on fair value determinations.

Write-Offs

Allocations of distributions between limited partners and the General Partner of a Fund (Carried Interest) are based off of realized investments. Realized investments are securities or portion thereof of each portfolio company which have been disposed of or permanently written-off or written-down by the General Partner. As a result, writing down or writing off of any portfolio company investments creates a conflict of interest whereby Arbor has an incentive to not reduce (*i.e.*, not make write-offs to) valuations of portfolio companies as may otherwise be dictated by available market data and prudent fair valuation techniques.

To seek to address this conflict, we have adopted detailed Valuation Policies and Procedures which are reviewed on a periodic basis by Arbor's Chief Financial Officer. Investments are valued quarterly by Arbor's investment professionals and the valuation results are communicated to the respective Fund's investors on a quarterly basis. Also, the respective Advisory Board of each Fund, comprised of representatives of certain limited partners of such Fund, receives the General Partner's valuations of investments of such Fund and on an annual basis may object to any valuation and cause an independent valuation expert to determine such valuation. In addition, our portfolio company valuations are reviewed in connection with the annual audit of each Fund by an independent certified public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board (PCAOB), and a copy of the audited financials are sent to each of the Funds' investors within 90 days of such Fund's fiscal year end.

Allocation of Expenses

Each of the Funds is responsible for payment of certain expenses incurred in conducting the operating, investment and financial reporting activities of such Fund, including: fees and expenses associated with investment activities, including Broken Deal Expenses, including Broken Deal Expenses relating to transactions that have been offered to co-investors, financial statement preparation expenses, legal expenses, tax preparation fees, and insurance premiums. To the extent such fees, costs and expenses are incurred for the account or for the benefit of more than one Fund, each such Fund will bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment made or proposed to be made by each such Fund or in such other manner as Arbor or the General Partners believe is fair and equitable to the Funds under the circumstances over time. No Fund is responsible for or will otherwise directly incur any percentage of the organizational or operating, investment or financial reporting expenses of any

other of the Funds. Notwithstanding the foregoing, similar to a third-party debt financing arrangement, the fees and expenses associated with the investment activities of a Debt Fund, including due diligence, legal, structuring, documentation expenses incurred by such Debt Fund, generally will be paid for directly, or otherwise reimbursed, by the relevant Equity Fund.

From time to time, each General Partner is expected to incur certain out-of-pocket expenses on behalf of, or for the benefit of, portfolio companies of its respective Fund. These expenses may include sales support, manufacturing consulting, add-on acquisition consulting, human resource consulting, certain trade group expenses, and other services in instances where Arbor is able to obtain better pricing or access, or where it is otherwise agreed with the portfolio company that Arbor will obtain such services on its behalf. The portfolio companies reimburse Arbor or the relevant General Partner for these expenses. When applicable, these costs are split among the parties receiving such services in a manner as Arbor believes is fair and equitable to the Funds under the circumstances over time.

A conflict of interest could arise in Arbor's determination of whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, whether such expenses should be borne by Arbor or the manner in which Arbor allocates expenses. The Funds will be reliant on the determinations of Arbor in this regard. Because the allocation process can be subjective, from time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures will be undertaken to correct such circumstance, which might include a reversal of the original expense allocation, if possible, or such other equitable adjustment believed by Arbor to be the most appropriate corrective measure to ensure allocations are equitable on an overall basis in Arbor's good faith judgment.

Tangible and Intangible Benefits

In connection with its services to the Funds and their investments, Arbor, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Arbor's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Arbor 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, "**Arbor Information**"). In many cases, Arbor Information will include tools, procedures and resources developed by Arbor to organize or systematize Arbor Information for ongoing or future use. Although Arbor expects its Funds and their portfolio companies generally to benefit from Arbor's possession of Arbor Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio company from which Arbor Information was originally received or derived. Arbor Information will be the sole intellectual property of Arbor and solely for the use of Arbor. Arbor reserves the right to use, share, license, sell or monetize Arbor 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.

Side Letters

Arbor or the applicable General Partner, as appropriate, 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, fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, increased Fund and portfolio company transparency, more frequent or varied formats or modes of portfolio reporting, and liquidity or transfer rights). Although we reserve the right to do so in the future, as of the date of this Firm Brochure, we have not entered into Side Letters in which we or any General Partner has waived or lowered the Management Fees or Carried Interest payable by an investor to the General Partner. Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by the 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. As a consequence of one or more limited partners being excused or excluded from, or regulatory or other factors limiting their participation in, investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

Conflicting Interests among Limited Partners

The limited partners in each Fund are expected to have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a result, conflicts can arise in connection with decisions made by the General Partner of a Fund regarding an investment that is more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, each General Partner generally will consider the investment, tax and other relevant objectives of the Fund and its investors as a whole, not the investment, tax, or other objectives of any limited partner individually.

Advisory Board

Each Fund has an advisory board comprised of representatives appointed by certain limited partners in each Fund (each an “**Advisory Board**”). Each Advisory Board has the ability to review and waive compliance with certain provisions of the Governing Documents, including resolving and/or waiving potential conflicts of interest situations, and whose approval is required or may be requested in certain circumstances under the Governing Documents, including certain approvals or consents required by the Advisers Act. Pursuant to the Governing Documents, the limited partners of each Fund are bound by the determinations of such Fund’s respective Advisory Board. To the maximum extent not prohibited by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the relevant Fund or any investor of such Fund. Members of an

Advisory Board may have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the Advisory Board for consideration or review. Members of an Advisory Board are expected to have various business and other relationships with Arbor and its members, partners, managers, directors, officers, employees and affiliates. These relationships may influence their decisions as members of an Advisory Board. To the extent that a limited partner is not represented by a member of an Advisory Board, such limited partner generally will have no influence over matters submitted to the Advisory Board for review or approval.

In addition, it is possible that members of one Fund's Advisory Board will also be a member of another Fund's Advisory Board. In such instances, a conflict of interest could be deemed to exist if an Advisory Board is requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such Advisory Board members serve, and such members would be unlikely to recuse themselves from any such vote.

Industry Relationships

As with many other private equity fund sponsors, as part of Arbor's business, Arbor and its employees have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, finders (including portfolio company finders), expert network professionals, professional advisors (such as attorneys and accountants), investors, co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Arbor as well as family members or close contacts of such persons. Certain of these third parties can, on occasion: (i) introduce investment opportunities to Arbor; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Arbor, the Funds, or portfolio companies. Such third parties also on occasion provide goods or services to or have business, personal, familial, financial or other relationships with the principals. In other instances, such third parties provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Arbor's entities) to Firm personnel and their estate planning vehicles. In addition, such third parties are sometimes investors in one or more Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to Arbor, the Funds and/or their portfolio companies. Such third parties can be entitled to receive a portion of a Fund's proceeds in connection with the sale of a particular portfolio company. Such third parties can also on occasion receive discretionary bonuses, transaction-based fees and/or directors' fees from, participation and/or profits or equity interests in a portfolio company or holding company in exchange for providing their services and such discretionary bonuses, fees, participation and/or profits or equity interests are not subject to the Management Fee offsets described in Item 5 above. These relationships have the potential to influence Arbor in deciding whether to select or recommend any such third party to perform services for the Funds or a portfolio company. Compensation in the form of profits or equity interests in a portfolio company or immediate holding company will generally have a dilutive impact on a Fund's investment. The cost of any services provided by such third parties will generally be borne by the Funds or its portfolio companies, as applicable.

Products or Services Received by Arbor From Portfolio Companies

From time to time, certain portfolio companies of the Funds provide Arbor and its affiliates, employees, employee's friends and families, Operating Partner Team members or board members of such portfolio companies appointed by Arbor with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge. Because its portfolio investments offer such discounts to customers other than Arbor and/or portfolio investments as part of their standard commercial practices in an effort to expand their respective customer bases, Arbor believes that the potential for conflicts of interest relating to such discounts is mitigated.

Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements

The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among Arbor, the investors, the Fund, the General Partner and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While Arbor will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations Arbor adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

Portfolio Company Board Service

As a result of the Equity Funds' significant and often controlling interests in portfolio companies, Arbor and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. Arbor principals and employees and those appointed by them often serve on the boards of Equity Fund portfolio companies. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to Arbor in connection with services provided by the Firm and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the partnership agreement's offset provision, are in addition to the Management Fee or Carried Interest. Arbor's authority to appoint or influence the appointment of portfolio company board members who will potentially be involved in approving compensation payable to the Firm subjects Arbor and any such portfolio company board appointees to potential conflicts of interest. Serving in such capacity can give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director conflicts with the interests of an Equity Fund in general; however, as the Equity Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Any fees earned for sitting on such portfolio company boards by employees (except for those fees paid to Operating Partner Team members) are offset against Management Fees; such fees earned by third parties appointed by Arbor (such as Operating Partner Team members) are not offset against Management Fees.

Employee Investors

It is expected that certain of Arbor's employees and personnel will invest in a Fund directly or as part of a General Partner's commitment to a Fund. Subject to applicable law, the terms of an investment by an employee differ from, and are more favorable than, those of an investment by an external Fund investor. For example, employee investors generally will not be subject to a Management Fee and/or Carried Interest with respect to their investment and receive information regarding investments at different times than other investors.

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither Arbor nor any of our management personnel have any legal or disciplinary events required to be disclosed in this Firm Brochure.

Item 10. Other Financial Industry Activities and Affiliations

Our Firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations. As mentioned in Item 5, above, our general counsel maintains a law firm from which services are provided to the Arbor portfolio companies. We do not believe this presents a conflict of interest and the relationship with Arbor and the fees charged to Arbor's portfolio companies are fully disclosed to the limited partners in Arbor's Funds.

As described under Item 4, "Advisory Business" above, Arbor is affiliated with the General Partners which are deemed registered under the Advisers Act pursuant to Arbor's registration in accordance with SEC guidance. The General Partners and Arbor operate as a single advisory business and typically share many of the same owners, executive officers, partners, employees, Operating Team members, consultants or persons occupying similar positions. The General Partners do not have employees of their own.

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

Code of Ethics and Personal Trading

Our Firm has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act which sets forth high ethical standards of business conduct that we require of our supervised persons, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's supervised persons. Our Code of Ethics provides for oversight, enforcement and recordkeeping. In addition, the Code of Ethics requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information. A copy of our Code of Ethics is available to our advisory clients and prospective clients, including investors and prospective investors in one or

more of the Funds, upon request to: Chief Compliance Officer, info@arborpic.com or (312)-981-3770.

The personal trading policy for Arbor supervised persons is set forth in our Code of Ethics and is acknowledged as received and understood by each supervised person. Arbor's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons do not misappropriate any benefit properly belonging to a Fund.

With respect to third parties that are not subject to the trading restrictions under Arbor's Code of Ethics and that may otherwise obtain sensitive and nonpublic information relating to a Fund deal (*e.g.*, co-investors, legal, financial, diligence, public relations and other similar service providers), such persons typically are subject to contractual provisions in confidentiality agreements or professional obligations that prohibit the misuse of any such information.

Because our business focuses primarily on private market investments, Arbor expects that instances of supervised persons having access to material nonpublic information regarding publicly-traded securities will be relatively infrequent. Arbor's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding publicly traded securities or communicating material nonpublic information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Arbor maintains a restricted list of issuers about which it has or may have material nonpublic information. Supervised persons are permitted to make securities transactions in their personal accounts, subject to certain limitations. Pre-clearance is required by supervised persons and their covered family members for certain personal securities transactions, including trading in restricted list securities, initial public offerings and certain limited offerings. In addition, supervised persons are required to file certain reports and link their brokerage accounts to Arbor's compliance software to enable monitoring of personal trading by the Chief Compliance Officer or his designee.

The principals and employees of Arbor will occasionally carry on investment activities for their own account and for family members, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds, even if their investment objectives are the same or similar. In addition, principals and employees are permitted to buy securities in transactions offered to, but rejected by, the Funds or that are outside the investment mandate of the Funds, including through family offices and family investment vehicles. All such employee private investments are subject to pre-approval and/or review by the Chief Compliance Officer.

Participation or Interest in Client Transactions

As disclosed in Item 5, above, certain executive officers and/or other employees of Arbor have invested in one or more of the Funds, either through the General Partner or as a Fund investor. Arbor generally reduces all or a portion of the Management Fee and Carried Interest related to

investments held by such persons. In addition, Arbor reserves the right to offer its employees and Operating Partner Team the opportunity to co-invest in portfolio companies with the Funds. Arbor does not believe these arrangements present any material conflict of interest since the General Partners' interests are aligned with the interests of limited partners in such Funds.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. Arbor will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser, such as a Fund General Partner). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either fund. In the context of Arbor's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or Arbor or a Fund General Partner purchasing the interest of an existing investor. Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more funds or accounts that are managed by that same adviser or an affiliate. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. In the context of Arbor's business, a cross transaction would occur when selling a portfolio company, investment or other asset from one Fund to another. Agency cross transactions occur when an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to Arbor.

In the event Arbor were to recommend a principal transaction or cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best interest of participating clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant General Partner, advisory board or investors, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

Conflicts of Interest

If any matter arises that Arbor determines in its good faith constitutes an actual conflict of interest, Arbor will take such actions as are necessary or appropriate, and as permitted by any applicable Fund's Governing Documents, to address the conflict. The Governing Documents of each Fund include a description of what Arbor believes to be the most significant conflicts of interest associated with an investment in that Fund. Some of these conflicts are summarized in Item 8 above.

Item 12. Brokerage Practices

While Arbor generally focuses on securities transactions in private companies and purchases and sells such companies through privately negotiated transactions, the Funds on occasion engage broker-dealers and investment bankers to perform various services for the Funds and portfolio companies, such as assisting in the purchase or sale of a private portfolio company. Arbor has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer or investment banker, if any, to be used to effect transactions for the Funds. Arbor, directly or in conjunction with each General Partner or other affiliates, is responsible for all parts of the investment cycle, including deal sourcing and origination, investment decision-making, deal negotiation and transaction structuring, portfolio management (the act of overseeing the investments that we have made) and exit strategies. Arbor will typically make direct investments on behalf of the Funds in privately-held companies. Rarely will any Fund acquire securities of publicly traded companies, except, perhaps, in connection with a merger of a privately held portfolio company with a company that is publicly traded. In executing all transactions, Arbor will seek best execution of the transaction. Best execution is a qualitative assessment that takes into account the full range and quality of a broker-dealer or investment banker's services and is satisfied by obtaining the most advantageous overall terms for the Fund(s) when weighing all factors relevant to the transaction. Best execution is therefore not necessarily determined by lowest possible commission rates.

Each direct investment is carefully structured through negotiations by members of the relevant General Partner and Arbor's investment professionals and analysts (the "*deal team*"), as well as various professionals employed or engaged by the Firm to facilitate a particular deal, as appropriate. These professionals include attorneys, accountants, consultants, information technology and due diligence professionals, among others. Arbor will utilize the expertise of these professionals in evaluating each deal, including negotiating the pricing and other terms for the transaction under the circumstances. Transactions in securities that are made by Arbor for the Funds, therefore, are generally discreetly negotiated deals which may or may not involve the participation of an investment bank or broker dealer (hereinafter, collectively, "*Brokers*").

The initial factor considered by Arbor in determining whether or not to enter into a transaction on behalf of a Fund through a Broker will depend, in part, on whether we are seeking to acquire securities or exit a position. If a Broker is involved in a Fund transaction involving an acquisition or other new investment, it is typically because the selling company has engaged a Broker to assist it in negotiating and structuring the terms of a particular deal on its behalf including organization of an auction or otherwise. In this way, the selling company hopes to obtain the best possible terms for its sale. Under these circumstances, the fee and expenses of the Broker are typically paid by the selling company or its equityholders as a seller transaction expense. In connection with identifying investment opportunities and deal sourcing activities, from time to time, Arbor may engage a buy-side Broker. In circumstances where Arbor has retained a buy-side Broker, the fees and expenses of the Broker are typically paid by portfolio company as a buyer transaction expense. Furthermore, Arbor has entered retention arrangements with Brokers. Under these retention arrangements, Arbor agrees to pay an agreed-upon retainer and expense reimbursement to the Broker and in exchange the Broker agrees to undertake efforts to identify suitable investment opportunities for the Fund and its portfolio companies. In connection with any such opportunity

that is consummated by the Fund or a portfolio company, the portfolio company pays a finder fee to the Broker in an amount equal to an agreed upon percentage of the transaction value. Fees and expenses paid to buy-side Brokers, including finder fees paid to any retained Broker, will not offset or reduce the Management Fee otherwise paid to Arbor.

Of course each Equity Fund's ultimate goal when investing is to sell or "exit" its investments in portfolio companies for a return in excess of the price paid. When selling a portfolio company, in order to seek to obtain the best possible selling price, and depending on the particular circumstances of the proposed deal, Arbor reserves the right to engage a Broker to assist in the sale if Arbor determines that such third party has a broader reach than our Firm alone and that engaging the Broker will be in the best interests of the applicable Equity Fund.

Whether for private or public securities transactions, Arbor selects a Broker based on Arbor's judgment regarding a variety of factors, including but not limited to: Arbor's prior experience in working with the Broker; the Broker's execution capability, financial responsibility, reputation and expertise within the industry; the Broker's responsiveness to the Firm; the Broker's expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services providers; and the commission rates, among other factors.

Due to the nature of private fund investing, Arbor does not typically aggregate investments or trades for more than one Fund other than parallel Funds that are intended to invest together. However, if Arbor has determined that an underlying investment is to be made on behalf of two or more of the Funds, Arbor will typically enter into a single transaction, aggregating the investments for each Fund, as well as any co-investor that was allocated a percentage of the trade. On the date of the initial investment, each participant will participate in the applicable investment or trade at the same time and on the same terms. It is possible that any follow on investment or trade will be made by one or more, but less than all, of the participants, or by additional Funds or other participants. Transaction costs will typically be borne by the portfolio company whose securities are being acquired.

Arbor does not have any formal or informal soft-dollar arrangements nor do we receive any soft-dollar benefits from any broker, dealer or other counterparty. The receipt of research services or other soft dollar benefits is not a factor when selecting an executing broker in the instances where such a broker is required for a public trade. Additionally, Arbor's policy is not to permit clients to direct brokerage to any particular executing broker.

Item 13. Review of Accounts

Arbor monitors the portfolio companies of each Fund on an ongoing basis. As part of the terms of investment, Arbor also arranges, if possible or applicable, for the Funds to have one or more representatives serving on the board of directors of many portfolio companies.

The deal team for each prospective investment will review the investment and disposition thereof and will be actively involved in analyzing each investment and reviewing those investments on an on-going basis.

This team meets regularly to review ongoing monitoring activities and to evaluate potential new platform investments and add-on acquisitions. The deal team also meets once per quarter to determine quarterly carrying values of each Fund's respective investments, which are then reviewed and approved by Arbor's Chief Financial Officer and the Management Committee. Other investment professionals are often included in meetings of the investment management team who review investment materials, due diligence materials and provide valuable industry insight.

Arbor regularly reviews the Funds' accounts and various financial and operating statements. In addition, the Funds are audited annually by an independent, certified public accountant and a copy of the audited financials are sent to each investor on a timely basis.

In addition to annual audited financials, investors in each Fund receive, at least quarterly, operations summary reports, capital account statements and unaudited consolidated financial statements containing valuation and performance information for the relevant Fund. The Firm also has contact with investors (*e.g.*, personal visits, video conference, telephone and email) throughout the year as requested and/or as conditions warrant.

In the course of conducting due diligence, investors periodically request information pertaining to Arbor's investments. Arbor responds to these requests, and in answering such requests, provides information that is not always made available to other investors who have not requested such information. Additionally, as it pertains to existing investors, upon request or pursuant to contractual obligations (such as agreed to in a Side Letter), certain investors receive additional information and reporting that other investors do not receive. The fact that Arbor provides such information upon request to one or more investors does not obligate Arbor to affirmatively provide such information to all investors. As a result, certain investors will have more information about a Fund than other investors, and Arbor has no duty, and does not intend, to ensure that all investors seek, obtain or possess the same information regarding a Fund and its investments and/or portfolio companies.

Item 14. Client Referrals and Other Compensation

As described in Item 5 above, Arbor receives supplemental fees and reimbursements from the portfolio companies held by the Funds. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that Arbor believes will ultimately enhance the value of the companies and benefit the Funds and their investors.

These types of fee arrangements present potential conflicts of interest and provide Arbor with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by Arbor or its employees (but not Operating Partner Team members) in connection with services rendered to portfolio companies or transactions of the Funds are offset against Management Fees payable by the Funds, to the extent described above in Item 5 and as detailed in each Fund's Governing Documents.

Other than as described above, Arbor does not receive any monetary compensation or any other

economic benefit from a non-client for Arbor's provision of investment advisory services to a client.

When raising capital for a new Fund, Arbor typically engages the services of a registered broker-dealer to serve as placement agent for Fund units. Placement agent fees are payable by the Funds and offset dollar-for-dollar against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund as part of its organizational expenses. All placement agents engaged by Arbor are registered broker-dealers.

Item 15. Custody

Because we act as investment adviser to the Funds and are affiliated with each Fund's General Partner through common ownership and control and have access to client funds or securities, we are deemed to have custody of client assets under current applicable regulatory interpretations. To comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), Arbor has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective investors within 120 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents). In addition, upon the final liquidation of a Fund, Arbor will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors are encouraged to carefully review such financial statements.

Arbor does not accept physical custody of Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Fund's bank account maintained with a qualified custodian and, if applicable, public securities are held with broker-dealers or transfer agents who act as custodians for such securities. Arbor receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about Arbor's qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

Item 16. Investment Discretion

As investment adviser to the Funds, Arbor is granted the discretionary authority in the Governing Documents to determine which securities and the amounts of securities that are to be bought or sold on behalf of the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to investors in the Funds individually. To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with a Fund. Such documents generally contain a power of attorney that grants Arbor or the applicable Fund's General Partner certain powers related to the orderly administration of the affairs of the Fund.

Once an investor executes these documents, with limited exceptions discussed elsewhere in this Brochure, Arbor is not required to contact such investor prior to transacting business in a Fund.

Generally, Arbor's only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund invests, will be contained in the relevant Fund's Governing Documents. However, an investor can seek to impose limitations on Arbor's authority through a Side Letter, and the Firm and/or the relevant General Partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon Arbor's investment authority with respect to an investor's investment must be presented to Arbor and the relevant Fund's General Partner in writing and agreed to by all applicable parties. Other investors meeting certain commitment thresholds are often provided with notification provisions regarding such Side Letter but are not provided with consent rights over such agreements.

Item 17. Voting Client Securities

By virtue of the applicable Governing Documents, Arbor has the authority to vote proxy statements on behalf of the Funds. However, given the nature of Arbor's advisory business, the Funds seldom hold public securities; the majority of "proxies" received by Arbor are written shareholder consents or similar instruments for private companies owned by the Funds. Specifically, from time to time, portfolio companies request Arbor (usually through the General Partner of the applicable Fund) to consent to certain issues pertaining to the portfolio company's business and requiring equity owner approval. In these cases, Arbor considers factors that could affect the value of the investment and will act in the manner that it believes maximizes the value of its long-term investment in portfolio companies.

Arbor has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. Arbor's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds with the goal of maximizing value for the Funds and the investors in the Funds. To that end, Arbor endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Funds' investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted when considering the optimal vote.

Arbor generally believe its interests are aligned with those of the Funds' investors through the principals' beneficial ownership interests in the Funds. However, in the event that there is a conflict of interest in voting proxies, Arbor's proxy voting policy provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of an Advisory Board on the proposed proxy vote, or through other alternatives as set forth in Arbor's proxy voting policy. Investors in the Funds cannot direct how we vote proxies or shareholder consents, nor are we required to seek investor approval or direction when voting proxies or when giving consent on any matter requiring the consent of shareholders. Arbor has adopted a proxy voting policy pursuant to Advisers Act Rule 206(4)-6 to describe how it votes the Fund's proxies, which is available for investors to review upon request to: Chief Compliance Officer, info@arborpic.com or (312)-981-3770.

Firm principals and affiliated or unaffiliated third parties appointed by Arbor often sit on the boards of portfolio companies to which Arbor provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. Arbor does not consider service on portfolio company boards by the aforementioned persons or their receipt of nominal board fees, if any, to create a material conflict of interest in voting proxies with respect to such companies.

Item 18. Financial Information

Arbor does not require prepayment of client fees more than six (6) months in advance of services rendered, therefore, we are not required to include a balance sheet with this Firm Brochure.

Arbor has not been the subject of a bankruptcy petition at any time during the past ten (10) years.