

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**PEAK ROCK CAPITAL LLC**

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**March 31, 2023**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Peak Rock Capital LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (512) 765-6520. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

The Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2. MATERIAL CHANGES**

Since the last version of this Brochure dated March 31, 2022, the Brochure has been revised to update the description of Peak Rock Capital LLC's advisory business. Immediately below is a discussion of material changes. Such discussion sets forth only material changes to the Brochure.

This Brochure has been revised to update the descriptions of potential risks of investment and related potential conflicts of interest under "Methods of Analysis, Investment Strategies and Risk of Loss," and supplements existing disclosures relating to the practices of the Adviser and its affiliates under "Advisory Business" and "Fees and Compensation."

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#### ITEM 4. ADVISORY BUSINESS

Peak Rock Capital LLC (the “**Adviser**”), a Delaware limited liability company and registered investment adviser and its affiliated investment advisers provide discretionary investment advisory services to private investment-related funds privately offered to qualified investors in the United States and elsewhere. The Adviser commenced business operations in July 2012.

The Advisers’ clients include the following (each, a “**Fund**,” and together with any future private investment fund or investment vehicle to which Peak Rock provides investment advisory services, the “**Funds**”):

- Peak Rock Capital Fund LP
- Peak Rock Capital Fund A LP (together with Peak Rock Capital Fund LP, “**Fund I**”)
- Peak Rock Capital Executive Fund LP
- Peak Rock Capital Fund II LP
- Peak Rock Capital Fund II-A LP (together with Peak Rock Capital Fund II LP, “**Fund II**”)
- Peak Rock Capital Credit Fund II LP
- Peak Rock Capital Credit Fund II NUS LP
- Peak Rock Capital Credit Fund II-A NUS LP
- Peak Rock Capital Credit Fund II-A LP (together with Peak Rock Capital Credit Fund II LP, Peak Rock Capital Credit Fund II NUS LP and Peak Rock Capital Credit Fund II-A NUS LP, “**Credit Fund II**”)
- Peak Rock Capital Executive Fund II LP
- Peak Rock Capital Executive Credit Fund II LP (together with Peak Rock Capital Executive Fund LP, Peak Rock Capital Executive Credit Fund II LP and any future Peak Rock executive funds, collectively, the “**Executive Fund**”)
- Peak Rock Capital Fund III LP
- Peak Rock Capital Fund III-A LP (together with Peak Rock Capital Fund III LP, “**Fund III**”)
- Peak Rock Capital Executive Fund III LP

- Peak Rock Real Estate Fund I LP (“**RE Fund I**”)
- Peak Rock Executive Real Estate Fund I LP

The following general partner and advisory entities are affiliated with the Adviser:

- Peak Rock Capital Holdings I LP
- Peak Rock Capital Holdings II LP
- Peak Rock Capital Holdings III LP
- Peak Rock Capital Credit Holdings II LP
- Peak Rock Capital Credit Holdings III LP
- Peak Rock Capital Executive Holdings I LLC
- Peak Rock Capital Executive Holdings II LLC
- Peak Rock Capital Executive Holdings III LLC
- Peak Rock Capital Executive Credit Holdings II LLC
- Peak Rock Capital Executive Credit Holdings III LLC
- Peak Rock Capital Real Estate Holdings I LP
- Peak Rock Executive Real Estate Holdings I LLC
- Peak Rock Capital Directors LP
- Peak Rock Capital Real Estate Directors LP
- Peak Rock Capital Credit Directors LP (together with Peak Rock Capital Directors LP and Peak Rock Capital Real Estate Directors LP, the “**Management Companies**” and each a “**Management Company**”)
- Peak Rock Capital Real Estate LLC
- Peak Rock Capital Credit LLC (together with Peak Rock Capital Real Estate LLC, the “**Relying Advisers**” and each a “**Relying Adviser**”)
- Peak Rock Capital Europe LLP
- Peak Rock Capital International Ltd
- Peak Rock Capital Europe SPRL

(each, a “**General Partner**,” and collectively, together with the general partners of any future private investment funds to which Peak Rock provides investment advisory services, “**General Partners**,” and the General Partners together with the Adviser, the Management Companies and the Relying Advisers, “**Peak Rock**” or “**Advisers**”).

Each General Partner is subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure describes the business practices of Peak Rock, including the General Partners, which operate as a single advisory business together with the Adviser.

The Funds invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Peak Rock’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Peak Rock generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by Funds.

Peak Rock’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “**Memorandum**”), investment management agreement (the “**Management Agreement**”) and limited partnership agreement (each, a “**Limited Partnership Agreement**” and together with the Memorandum and the Management Agreement, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Funds (generally referred to herein as “investors” or “limited partners”) participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Limited Partnership Agreement; such arrangements generally do not and will not create an adviser-client relationship between Peak Rock and any investor. The Funds or Peak Rock generally enter into side letters or similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing, a Fund’s Limited Partnership Agreement, including provisions relating to the Management Fee (as defined below) and distributions.

Additionally, from time to time and as permitted by the relevant Limited Partnership Agreement, if a co-investment opportunity is available, the Advisers expect to provide co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Special Consultants (as defined below) and members of PGC (as defined below), Peak Rock’s personnel and/or certain other persons associated with Peak Rock and/or its affiliates (e.g., a vehicle formed by Peak Rock’s principals to co-invest alongside a particular Fund’s transactions). Such co-investments would typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) could purchase 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), including in circumstances in which a Fund's line of credit is used to initially fund an investment. The Adviser expects that any such purchase from a Fund by a co-investor or co-invest vehicle would generally occur shortly after a Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in the Adviser's sole discretion, the Adviser reserves the right to equitably adjust the purchase price under certain conditions and/or seek reimbursement from the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2022, Peak Rock managed \$3,895,504,201 in client assets on a discretionary basis. The Adviser is principally owned by an affiliate of Anthony DiSimone.

## **ITEM 5. FEES AND COMPENSATION**

The General Partner of a Fund generally receives a Management Fee (as defined below) and a carried interest in connection with advisory services. The General Partners or other Peak Rock entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation may offset in whole or in part the Management Fees otherwise payable to Peak Rock, as described in the Governing Documents. Investors in the Funds also bear certain fund expenses, as described below. With certain limited exceptions, the Executive Fund, which is formed to allow principals and employees of Peak Rock and its affiliates, as well as certain other persons, to invest in certain portfolio investments alongside other Funds, generally does not pay a Management Fee or carried interest to its General Partner, as described in the Executive Fund Governing Documents.

The following is a general description of fees, compensation and expenses of the Funds. Differences may exist among Funds, and certain Funds do not charge certain fees, compensation or expenses that other Funds charge. Prospective and existing Fund investors should review a Fund's Governing Documents for details regarding its terms, including fees, compensation and expenses.

### **Management Fees**

During a Fund's investment period, the Fund generally will pay the relevant Management Company an annual management fee (the "**Management Fee**") equal to 1.5 to 2.0% of the fee-bearing limited partners' aggregate capital commitments, as more fully described in the applicable Governing Documents. Payment of the Management Fee will be made quarterly in advance. Generally, investors participating in a closing after the initial closing of a Fund bear the Management Fee from the date of the initial closing of such Fund, plus an additional amount, as applicable. The Management Fee may be reduced upon the expiration of the investment period or earlier upon the occurrence of certain other events as described in the applicable Governing Documents.

The Management Fee generally will be reduced by a percentage of the fee-bearing limited partners' portion of directors' fees, financial consulting fees, monitoring fees, advisory fees, break-

up fees or other fees with respect to consummated or unconsummated Fund transactions paid to the relevant Management Company, as discussed in the Governing Documents.

As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

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

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions, except in the case of permanent write downs. Following such events and after the Stepdown Date, Management Fees otherwise payable will only be reduced to the extent the fair value of the relevant investment is lower than the investment contributions relating to such investment.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund's net asset value, including following the investment period, and will not be reduced in connection with any write downs, except in the case of investments permanently written down. In many circumstances, the fair value component of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

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

Peak Rock and/or its affiliates generally have discretion over whether to charge certain fees to a portfolio company and, if so, the fee rate or amount. The receipt of such fees has the potential to give rise to conflicts of interest between the Funds, on the one hand, and Peak Rock and/or its affiliates on the other hand. Portfolio company-related fees may include amounts prepaid in anticipation of future services without reimbursement, which may be offset against the applicable Management Fee to the extent set forth in the relevant Governing Documents.



As further described below and in certain Memorandum and/or Limited Partnership Agreement of each Fund, the Adviser is permitted to retain certain operating partners or Special Consultants (as defined below) to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such operating partners or Special Consultants generally would be permitted to receive compensation and other amounts described herein, but no such amounts would result in additional offsets to the Management Fee.

The General Partner of a Fund may reduce a portion of the Management Fee in exchange for a reduction in the General Partner's capital contribution obligation and/or a corresponding interest in Fund profits to the extent permitted under the Fund's Governing Documents. The limited partners of a Fund would, in such circumstances, be required to make a pro rata contribution according to their respective commitments to fund any contribution that would otherwise be required of the applicable General Partner in connection with any such reduction as described above; however, the limited partners are not required to make more capital contributions than they otherwise would have made if not such reduction had occurred.

Generally, the Management Fee for a Fund will commence as of the date such Fund went effective based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments. Peak Rock is entitled to receive interest on management fees from investors admitted to a Fund after the effective date in which the General Partners have commenced operations of the Fund.

### **Carried Interest**

The General Partners of certain Funds will generally be entitled to receive a carried interest equal to a certain percentage of all realized profits with respect to certain Funds (subject to a specified, annually compounded preferred return with a related General Partner catch-up provision). The foregoing performance-based fee terms are more fully described in each Fund's Governing Documents. The carried interest distributed to a General Partner is subject to a potential giveback at the end of the life of a Fund if such General Partner has received excess cumulative distributions.

### **Other Information**

The Adviser is permitted to exempt certain "affiliated partners" (including Special Consultants) in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Peak Rock and any other Peak Rock affiliated person designated by the Adviser. The relevant General Partner reserves the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a Peak Rock professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Limited Partnership Agreement, certain Advisers have the right to permit investors, affiliated with an Adviser or otherwise, to invest

through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Peak Rock generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the General Partners.

In addition to the Management Fee and carried interest payable to a General Partner, each Fund bears certain expenses. Each Fund generally will pay all other fees, costs, expenses, liabilities and obligations of the Fund (and its subsidiaries and intermediate entities) that are not reimbursed by portfolio companies (which reimbursements may be for out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of such portfolio company investments, including follow-on investments and refinancings), including legal, auditing, consulting, financing, accounting, travel (including, where appropriate, meal and entertainment expenses and the cost of chartering of private aircraft) and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns, Schedule K-1s and other Fund-related reporting; fees and expenses (including break-up or topping fees) incurred in connection with transactions not consummated ("**Broken Deal Expenses**"), including Broken Deal Expenses relating to transactions that were offered to potential co-investors; expenses of the advisory board and annual meetings of the limited partners, any other meeting with any limited partner(s) and related meal and entertainment expenses; insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. As a general matter, Broken Deal Expenses are allocated among investors within a Fund regardless of whether an individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Peak Rock and/or its affiliates. Each Fund will also generally bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Peak Rock reserves the right to agree with Special Consultants, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments to be granted options in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such options after they have been exercised generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through

which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the practices set forth in “Brokerage Practices.”

Peak Rock currently only exempts its employees and certain former employees that invest in a Fund from payment of all or a portion of Management Fees and/or carried interest.

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including without limitation legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds by their share of such expenses or obligations, without interest. In certain circumstances, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Peak Rock’s related policies and practices and the relevant Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, Broken Deal Expenses relating to such proposed transaction may be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. The Adviser’s practice of allocating Broken Deal Expenses among investing Funds is discussed under “Conflicts of Interest” below. 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.

Peak Rock and/or its affiliates generally have discretion over whether to charge consulting fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing 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 receipt of such compensation generally could give rise to the appearance of conflicts of interest between the Fund, on the one hand, and Peak Rock and/or its affiliates on the other hand. A Fund’s Governing Documents generally will provide that such portfolio company fees will be credited against Management Fees otherwise owed to Peak Rock in a specified percentage.

Moreover, Peak Rock and its affiliates are permitted to receive certain fees and compensation in respect of Fund investments that will not offset the Management Fee, including, among other things, loan-servicing, agency and administration fees as well as fees related to the syndication of loans. It is expected that for certain loans made by a Fund, Peak Rock or its designated affiliate (but not the Fund) will be appointed as administrative agent and be entitled to

administration fees, which will not offset the Management Fee. Generally, Peak Rock will negotiate the terms of the agreements for such administration fees. In certain circumstances, Peak Rock or its designated affiliate will subcontract to a third party some or all of the servicing and administration of such loan at a lower cost than the total administration fee, resulting in Peak Rock or its designated affiliate (but not the Fund) retaining the difference in such rates.

Peak Rock also expects that it or a designated affiliate (but not the Funds) will be entitled to a fee associated with syndicating a portion of a loan associated with a Fund investment to third party lenders, and any amounts received will not offset the Management Fee. The receipt of fees associated with syndicating a portion of a loan and the conflicts related thereto are further described in “Conflicts of Interest” below.

### **Special Consultants**

Additionally, as further described in the applicable Fund Governing Documents, it is Peak Rock’s practice to use or retain certain Special Consultants (including entities formed for the benefit of such persons and/or to facilitate the provision of their services), which includes Peak Growth Consulting LLC (“PGC”), an operations group affiliate of Peak Rock as well as the individual member(s) it retains or employs (such persons, together with PGC and its members and employees, the “**Operations Group**”), to provide services to one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Special Consultants generally provide services in relation to the identification, acquisition, closing, monitoring, administration, holding, improvement and disposition of portfolio companies, including operational aspects of such companies, serving on the board of directors of such companies, due diligence and cross-portfolio initiatives, as well as providing custodial, administration, administrative agent, collateral agent, and other asset management services (including monitoring covenant compliance by borrowers, a Fund, its affiliated investment vehicles, and other counterparties, monitoring the financial condition and other relevant operating data of such entities and tracking and enforcing payment obligations and cash payments). In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Special Consultants receive compensation, including, but not limited to, retainers, incentive equity and stock awards, discretionary bonuses (whether or not based on pre-determined milestones), profits, participation or equity interests in a portfolio company or holding company or other compensation (including incentive-based compensation), which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such Special Consultants, 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. Compensation in the form of options grants in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund’s investment once exercised, and has the potential to result in economic effects greater than the original amount of compensation. Special Consultants also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. Operations Group members may provide services to Peak Rock. The use of Special Consultants subjects the Advisers to potential conflicts of interest, as discussed under “Conflicts of Interest,” below.

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” a General Partner generally receives a carried interest allocation on certain realized profits in the relevant Funds. A carried interest allocation represents an investment adviser’s compensation based on a percentage of net profits of the funds it manages. With the exception of the Executive Fund, Peak Rock does not currently advise Funds not subject to a carried interest. Although certain limited partners of the Executive Fund may be subject to a carried interest, Peak Rock generally expects that most of the investors in the Executive Fund will be principals or employees of Peak Rock or otherwise affiliated with Peak Rock, as described in the applicable Governing Documents, and therefore will not be subject to a Management Fee or carried interest. This practice could present a conflict of interest because Peak Rock may have an incentive to favor accounts for which it receives a performance-based fee. See “Methods of Analysis, Investment Strategies and Risk of Loss,” for further discussion of conflicts of interest.

The existence of performance-based compensation has the potential to create an incentive to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Peak Rock generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring giveback of performance-based compensation amounts at the end of the relevant Fund’s life or at certain interim intervals.

## **ITEM 7. TYPES OF CLIENTS**

Peak Rock provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to Peak Rock’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Funds may include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (“**Investment Company Act**”). The investors participating in Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees (including through related personal and family investment vehicles) of Peak Rock and its affiliates, Special Consultants and other service providers retained by Peak Rock, as well as executives of portfolio companies.

The Funds generally have a minimum investment amount of \$5 million for third-party investors. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. The General Partners generally are permitted to waive such minimum investment amounts and qualification requirements.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### General

Peak Rock seeks to primarily make equity and debt investments in lower middle market and middle market (“LMM”) companies. Peak Rock’s primary focus is on what it believes to be opportunistic, underperforming and distressed LMM opportunities. Companies in this sector typically have between \$50 million and \$1 billion of revenue and usually generate in excess of \$15 million of EBITDA prior to recent challenges. With respect to certain Funds, Peak Rock will also seek to make equity and debt investments in small to middle market (“SMM”) opportunities in the commercial real estate sector, including in real estate-related assets and real estate operating companies through an opportunistic investment and management strategy.

The following is a summary of the investment strategies and methods of analysis generally employed by Peak Rock on behalf of the Funds. *There can be no assurance that Peak Rock will achieve the investment objectives of the Funds and a loss of investment is possible.*

### Investment and Operating Strategy

Peak Rock intends to invest in opportunistic, special situation and growth-oriented companies in the lower middle market to middle market that Peak Rock expects will result in an attractive risk-adjusted return.

Peak Rock expects the success of a Fund’s investments to be a result of the team’s ability to assess the long term prospects of a company, including an analysis of its industry, its competitive positioning and the impact of its restructuring on its ability to achieve future success, and predict the likelihood of achieving an outsized financial recovery in the ultimate restructuring of the business. In assessing the attractiveness of an investment, the team will consider certain factors, which may include the following:

- The prospects of the business and industry
- The company’s liquidity situation and likely needs over the near term
- The downside protection for the investment, including capital structure position and dynamics, liquidation value and sale value of separable businesses or assets
- The return opportunity (both contractual and non-contractual) relative to the risk of loss
- Capability of and alignment with ownership and management
- Opportunity for Peak Rock to positively impact the business via strategic guidance

Each of these considerations may have a significant impact on the ultimate return of the investment and on Peak Rock’s ability to influence the return.

Additionally, Peak Rock seeks to invest in situations that are under-marketed and where it believes it can have a meaningful influence on a company's prospects, both in the financing structure of the company's balance sheet and its operations.

In addition to acquisitions through equity, Peak Rock intends to invest in senior and secured debt obligations. Peak Rock expects a Fund's returns to primarily come from contractual interest payments, as well as potential upside via call protection and/or equity participation. The Fund will aim to monetize investments throughout its lifecycle when the loans or investments are repaid, which is expected to occur most often via a refinancing or sale of the business, as well as through contractual amortization in certain cases.

When considering real estate investments, Peak Rock intends to invest in debt, equity, and bespoke opportunities in commercial real estate with a focus on off-the-run opportunities that Peak Rock believes will generate an attractive risk-adjusted return. Peak Rock intends to target investments in industrial, multifamily and various special situation opportunities with a focus on recession-resilient assets and geographies, primarily in North America. In addition, Peak Rock will target situations with process and/or asset complexity (including forced sellers, suboptimal capital structures, or entity level transactions), risk mitigation via comprehensive asset diligence and submarket selection, and price discipline and value-orientation, consistent with Peak Rock's private equity and non-control credit strategies.

With respect to real-estate focused Funds, Peak Rock intends to invest primarily in debt and/or equity of assets and properties based in North America, with a particular focus on recession-resilient properties and submarkets. Peak Rock intends to target a portfolio of approximately 15 to 30 investments through its investment cycle, and these investments typically will target \$5 million to \$40 million of equity per transaction.

With respect to private-equity focused Funds, Peak Rock intends to invest primarily in companies based in the North American and Western Europe. Peak Rock intends to target a portfolio of 15 to 20 control investments through a Fund's investment cycle. These investments typically will target \$40-\$200 million of equity per transaction. Certain non-control debt investments will be smaller than the expected range and starting positions in these securities could be \$5 million or lower.

## **Risks of Investment**

The Funds and their investors bear the risk of loss that Peak Rock's investment strategy entails. Although the following risk factors are generally applicable to Peak Rock's Funds, investors should also refer to a Fund's Memorandum for risk factors specific to their Fund. The risks involved with Peak Rock's investment strategy and an investment in the Funds include, but are not limited to:

*No Assurance of Investment Returns.* Each Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. A Fund cannot provide assurance that it will be able to choose, make, and realize investments. Such investments involve a high degree of business and financial risk that can result in substantial losses. Accordingly, there is no assurance that a Fund

will be able to generate returns for the limited partners or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There may be little or no near-term cash flow available to the limited partners from the Fund, and there can be no assurance that the Funds will make any distribution to the limited partners. Partial or complete sales, transfers or other dispositions of investments that may result in a return of capital or the realization of gains, if any, may not occur for a significant period of time after an investment is made. A Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. All investments of the Funds are speculative in nature and involve substantial risk of partial or total loss of capital. Accordingly, an investment in the Funds should only be considered as a part of an overall investment strategy, by persons who can afford a loss of their entire investment.

*Future and Past Performance; Loss of Principal.* The performance of the prior investments of Peak Rock and its principals is not necessarily indicative of a Fund's future results. While Peak Rock intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which a Fund will invest may 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 a Fund's investment once made.

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, the relevant portfolio company may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Fund or its limited partners. Such third parties may be in a position to take (or block) action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Limited Access to Information.* Limited partners' rights to information regarding a Fund, the relevant General Partner or Peak Rock generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the relevant 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 Peak Rock's control. Decisions by Peak Rock or its affiliates to withhold information may 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 may also make it difficult for a limited partner to monitor Peak Rock and its performance. Additionally, it is anticipated that limited partners that



designate representatives to participate on a Fund's advisory board generally may, 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 Peak Rock reserves the right to withhold certain information from investors subject to such laws for reasons relating to Peak Rock's public reputation, business strategy or other reasons.

*Material Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of Peak Rock and its affiliates, as well as in connection with officerships or directorships of Peak Rock personnel, Peak Rock frequently comes into possession of confidential or material non-public information. Therefore, Peak Rock and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken, on account of applicable securities laws or Peak Rock's internal policies and practices. Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Peak Rock or the Funds from entering into transactions with certain individuals or jurisdictions.

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

*Concentration of Investments.* The Funds will participate in a limited number of investments and may seek to make several investments in a single industry segment, in a limited geographic area, in a single asset type and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, a Fund's investment portfolio could become highly

concentrated, and the performance of a few holdings or of a particular industry, or the timing of a Fund's investments, may substantially affect such Fund's aggregate return. In addition to the foregoing, because the Funds are expected to only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could severely affect total returns. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified. Any such non-diversification will increase the risk of loss to the Funds if there were to be a decline in the market value of any security or sector in which the Funds had invested a large percentage of their assets.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity and mezzanine transactions is highly competitive and involves a high degree of uncertainty. A Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds and other private equity funds, investing directly or through affiliates. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many existing funds have grown in size. Additional funds with similar investment objectives likely will be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more employees than the General Partners, the Funds and their affiliates. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear Management Fees through such Fund during the investment period based on the entire amount of the limited partners' commitments to such Fund and other expenses as set forth in the Limited Partnership Agreement.

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for a Fund primarily through the investment strategies as described herein, the relevant General Partner is permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques as it determines appropriate. A General Partner is permitted to pursue investments outside of the industries and sectors in which Peak Rock has previously made investments or has internal operational experience.

*Impact of Government Regulation and Reform.* The SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Peak Rock and the Funds. 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, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact Peak Rock and its affiliates, the Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Fund.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as illiquid and investors must be willing to bear the economic risk of an investment in a Fund for an

indefinite period of time. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. A Fund's ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by a Fund and the decisions of the third-party controlling owners of companies in which such Fund invests. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which a Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market. Public offering, merger and acquisition and recapitalization and reorganization opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. While an investment may be exited at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to a General Partner) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including unfunded commitments.

*Leveraged Investments; Borrowing.* A Fund is permitted to borrow money, facilitate letters of credit or, guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that a Fund would be compensated for providing such guarantee or exposure to such liability. Any use of leverage by a Fund may result in interest expense and other costs to such Fund that may not be covered by distributions made to the Fund or appreciation of its investments. A Fund is permitted to incur leverage on a joint and several basis with one or more other investment funds and/or entities managed by or otherwise affiliated with the relevant General Partner or any of its affiliates and, in connection with incurring such indebtedness, such General Partner may, in its sole discretion, cause the Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent a Fund incurs leverage or provides any guaranty, such amounts may be secured by the capital commitments of a Fund's investors and other Fund assets. The inability of a Fund to repay any leverage secured by the capital commitments of such Fund's investors could enable a lender to issue a capital call on behalf of the relevant General Partner, and such investors' contributions may be required to be made directly to the lender instead of to the relevant Fund.

Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may 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 availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise

discourage lending that results in companies carrying large amounts of debt. The use of leverage also imposes restrictive financial and operating covenants, in addition to the burden of debt service, and may impair the ability to operate as desired and/or finance future operations and capital needs.

The use of leverage involves a high degree of financial risk. The extent to which a Fund or a portfolio company uses leverage may have important consequences to investors, including the following: (i) greater fluctuations in the net assets of a Fund, (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions, or other purposes, (iii) to the extent such Fund revenues are required to meet principal payments, investors may be allocated income (and therefore incur tax liability) in excess of cash available for distribution, (iv) in certain circumstances a Fund may be required to prematurely harvest investments to service debt obligations, (v) limitations on the flexibility of a Fund to make distributions to investors or sell assets that are pledged to secure the indebtedness, and (vi) increased interest expense if interest rate levels were to increase significantly. There can also be no assurance that a Fund will have sufficient cash flow to meet its debt service obligations. As a result, a Fund's exposure to losses may be increased due to the illiquidity of its investments generally.

A credit agreement may contain other terms that restrict the activities of a Fund and the investors or impose additional obligations on them. For example, a facility may impose restrictions on the relevant General Partner's ability to consent to the transfer of an investor's interest in a Fund or the relevant General Partner's and a Fund's ability to acquire, dispose of and take other actions with respect to such Fund investments. In addition, in order to secure a credit facility, a General Partner may request certain financial information and other documentation from investors to share with lenders. The General Partners will have significant discretion in negotiating the terms of any credit facility and may agree to terms that are not the most favorable to one or more investors. The General Partners are also permitted to structure such borrowing in different manners, include through one of more subsidiaries of the Funds, which structure may impose further limits and restrictions on the activities of the Funds. In the case of borrowing at a subsidiary of a Fund, such Fund (including its parallel fund) is permitted to guarantee such borrowings. While the General Partners intend to seek to allocate the expense and risk associated with borrowings to the fund vehicles and Partners receiving the economic benefits of such borrowing, there is no guarantee that such result will be achieved. Other investment structuring considerations may limit the General Partner's ability to achieve such result.

There can be no assurance that the Fund will be able to obtain indebtedness or that such indebtedness will be on terms favorable to the Fund and/or terms comparable to terms obtained by competitors, including with respect to interest rates. Moreover, market conditions or other factors may cause or permit the amount of leverage employed by a Fund to fluctuate over its life. If a Fund is unable to obtain indebtedness, such Fund may determine not to make certain investments. This may affect the ability of a Fund to make investments, could adversely affect the returns of a Fund and may impair such Fund's ability to achieve its investment objectives.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, letter of credit or other forms of promise to provide funding) or otherwise be liable thereof, and in such situations, it is not expected that such Fund would be

compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund has the potential to defer limited partner capital contributions, which impacts an investor's return. In turn, such practice, if successful, can accelerate preferred return huddles, which may create an incentive for the General Partner to employ the use of leverage for such Fund. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While the Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Peak Rock or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

*Subscription Lines.* Certain Funds are generally permitted to enter into subscription lines with one or more lenders in order to finance their operations (including the acquisition of Fund investments). Fund-level borrowing subjects limited partners to certain risks and costs. In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, 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. Also, a loss at one portfolio company can result in the Fund losing more than the capital commitments it invested in such investment, meaning such loss would effectively offset returns from other investments or result in a foreclosure by the lender on other investments. To the extent a particular limited partner's cost of capital is lower than the 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.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a facility may impose restrictions on the relevant General Partner's ability to consent to the transfer of an investor's interest in a Fund or the relevant General Partner's and such Fund's ability to acquire, dispose of and take other actions with respect to Fund investments. In addition, in order to secure a subscription line, the relevant General Partner may request certain information from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. The General Partners are also permitted to structure such borrowing in different manners, including through one or more subsidiaries of the Funds, which

structure may impose further limits and restrictions on the activities of the Funds. In the case of borrowing at a subsidiary of the Funds, the Funds (including any parallel Fund) is permitted to guarantee such borrowings. While the General Partners intend to seek to allocate the expense and risk associated with borrowings to the fund vehicles and partners receiving the economic benefits of such borrowing, there is no guarantee that such result will be achieved. Other investment structuring considerations may limit the relevant General Partner's ability to achieve such result. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

There can be no assurance that a Fund will be able to obtain indebtedness or that such indebtedness will be on terms favorable to the Fund and/or terms comparable to terms obtained by competitors, including with respect to interest rates. Moreover, market conditions or other factors may cause or permit the amount of leverage employed by a Fund to fluctuate over its life. If the Fund is unable to obtain indebtedness, the Fund may determine not to make certain investments. This may affect the ability of the Fund to make investments, could adversely affect the returns of the Fund and may impair the Fund's ability to achieve its investment objectives.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time

of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain securities may be distributed in kind to the partners of a Fund and it may be difficult to liquidate such securities received at a price or within a time period that is determined to be ideal by such partners.

*Distressed Investments.* In some circumstances, a Fund is expected to invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Although such investments may result in significant returns, they involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Such risks include: (i) subordination to substantial amounts of senior indebtedness, all or a significant portion of which may be secured; (ii) the possibility of substantial changes in rights and covenants which could result in less protection for a Fund with respect to securities purchased in proceedings under Chapter 11 of the Bankruptcy Code; (iii) the lack of regulation of the OTC securities markets in which distressed securities are often traded; (iv) difficulty in obtaining information as to the true condition of the issuers of such securities and obligations and (v) the lack of any established market-making, margin or other requirements which would help to insure that a viable trading market exists for a particular security. The level of analytical sophistication, both financial and legal, necessary for successful investment in issuers experiencing significant business and financial distress is unusually high. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the Adviser will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested. It may take a number of years for the market price of such investments to reflect their intrinsic value. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, a Fund may find it more difficult to sell such securities or may only be able to sell such securities at a loss. In some cases, a Fund may be prohibited by contract from selling its investments for a period of time.

*General Real Estate Risks.* Certain Fund's investments will be subject to the risks incident to the ownership and operation of real estate and real estate-related businesses and assets, including changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in buyer demand, changes in the financial condition of tenants, buyers and sellers of

properties, changes in operating costs and expenses, changes in taxes, changes in energy pricing, risks due to dependence on cash flows uninsured losses or delays from casualties or condemnation, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, competition from prospective buyers for, and sellers of, other similar properties, fluctuations in the rates and occupancy for hotel properties, changes in interest rates and in the availability, cost and terms of financing, the availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, environmental liabilities, contingent liabilities, risks and operations problems arising from construction problems or similar liabilities, successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property), adverse changes in governmental rules and fiscal policies, changes in building and similar laws, regulatory limitations on rents, decreases in property values, civil unrest, energy and supply shortages, acts of God, including earthquakes, hurricanes and other natural disasters, pandemics, acts of war (declared or undeclared), terrorist acts (any of which may result in uninsured losses), work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors and other factors beyond the control of the relevant General Partner, the relevant Fund and their respective affiliates. In the event that any of the properties related to such Fund's investments experience any of the foregoing events or occurrences, the value of and return on such investments would be negatively impacted. Furthermore, certain Funds may become owners of real estate as a result of a workout or foreclosure of a loan or debt security. There is no assurance that there will be a ready market for resale of such investments because investments in real estate are generally illiquid.

Adverse credit events with respect to an investment, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of such Fund investments. Fund investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected. In addition, depending on fluctuations of the equity markets, warrants and other equity securities may become worthless. Accordingly, there can be no assurance that such Fund's internal net rate of return objective will be realized.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds will be vested with the General Partners, and a Fund's future profitability will depend largely upon the business and investment acumen of Peak Rock. The loss or reduction of service of one or more of the principals of Peak Rock could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the applicable General Partner. In addition, certain changes in a General Partner or circumstances relating to a General Partner may have an adverse effect on the applicable Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Peak Rock currently, and is expected in the future to, manage other investment funds besides the Funds and Peak Rock management may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of Peak Rock management. Limited partners generally have no right or power to take part in the management, business or affairs of the Funds, or to make any decisions with respect to



investments made by the Funds, and as a result, the investment performance of each Fund will depend on the actions of the respective General Partner. In addition, certain changes in a General Partner or circumstances relating to a General Partner may have an adverse effect on the relevant Fund and its ability to realize investment objectives or identify investment opportunities, or one or more of the Fund's portfolio companies, including potential acceleration of debt facilities.

Although the applicable General Partner will monitor the performance of a Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives or expectations, or that the Fund will be able to recover on its investments. Furthermore, the portfolio companies will need to attract, develop, integrate and retain executives and members of their management teams. The market for executive talent can be extremely competitive, notwithstanding general unemployment levels or developments within a particular industry. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of their respective management teams and, as a result, the Fund may be adversely affected thereby.

*Investor Due Diligence Information.* A General Partner will make available, prior to the closing of the relevant Fund, to each prospective investor the opportunity to ask questions of, and receive responses from, a representative of such General Partner concerning the terms and conditions of the Fund offering and to obtain additional information, if the General Partner possesses such information or can acquire it without unreasonable effort or expense. Due to the fact that different potential investors are likely to ask different questions and request different information, the General Partner reserves the right to provide certain information to one or more prospective investors that it does not provide to all of the prospective investors. None of the responses or additional information provided is or will be integrated into such Fund's Governing Documents. In addition, certain limited partners, including limited partners who designate representatives to participate on the Fund's advisory board, limited partners who negotiate particular side letters and affiliates of Peak Rock, will have more information about the Fund than other limited partners and the General Partner will have no duty to ensure all limited partners seek, obtain or process the same information regarding the Fund and its investments.

*Impacts of Excuse or Exclusion.* A limited partner's participation in a Fund's investments could be limited by virtue of the relevant General Partner's right to exclude a limited partner from, or a limited partner's right to be excused from, participating in certain of the Fund's investments as set forth in the relevant Limited Partnership Agreement, thereby increasing the participation of other limited partners and increasing such other limited partners' concentration with respect to such Fund investments. As a consequence of one or more limited partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating limited partners could be adversely affected in a material manner by the unfavorable performance of even one investment by the Fund.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of

political, social or economic unrest. Such erosion of confidence may lead to or extend current or future localized or global economic downturns. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their obligors to execute their respective strategies and generate sufficient cash flow to service their respective debts. This may slow the rate of future investments and result in longer holding periods for investments. Such uncertainty or general economic downturn may have an adverse effect upon the companies in which the Funds make investments.

Furthermore, the United States has been the target for terrorist attacks and been involved in a variety of military actions. Some of these terrorist attacks have resulted in, among other things, a disruption in financial markets and the economy generally. Future terrorist attacks and/or the anticipation of any such actions or response to them may have a further adverse impact on economic stability. It is not possible to predict the severity of the effect that any further terrorist activity and/or military response will have on the market. Any resulting economic instability or downturn could adversely affect the returns of the Funds.

Consumer, corporate and financial confidence may be adversely affected by local, regional or global health crises including the rapid pandemic spread of novel viruses commonly known as SARS, MERS and COVID-19. Such health crises could exacerbate political, social and economic risks previously mentioned and result in significant breakdowns, delays and other disruptions on a local, regional and global scale, which are likely to have adverse effects on the operating performance of affected portfolio companies. The United States has experienced social and political unrest and polarization recently, which has further intensified as a result of the COVID-19 related economic shutdowns and civil unrest following protests against police brutality. This environment may be exacerbated by future events, including the results of future U.S. state and federal elections. A climate of uncertainty and unrest may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. It may also hinder Peak Rock, the Funds and their portfolio companies and prospective portfolio companies from operating in the ordinary course of business. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

Prolonged changes in climatic conditions have the potential to have significant impact on the revenues, expenses and conditions of certain Fund investments. While the precise future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. Reductions in precipitation levels, wind or sunlight could materially adversely affect the revenues and cash flows of renewable energy related assets that depend on the capture of waterflow, wind or sunlight to derive revenues. If such reductions are significant, such assets may be rendered inoperable. Conversely, significant increases in precipitation or wind

velocity could cause damage to such assets or create periods when such assets are not able to function. In the event that climate change causes sea levels to rise, certain portfolio companies may be forced to incur expenses to prevent assets from being damaged or rendered unusable by such rising sea levels. Any of the foregoing, therefore, have the potential to adversely affect the performance of Funds and their investments.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Fund’s (or any portfolio company’s) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a “**Distress Event**”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Peak Rock, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. 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, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks 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 Peak Rock to manage the Funds and their investments, and on the ability of Peak Rock, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable 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 the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of Peak Rock or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution’s services, it is also possible that Peak Rock will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Peak Rock will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become

subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

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

*Projections.* A Fund may use financial projections to help analyze a potential investment or future capital raises and financings for portfolio companies or other transactions. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by each company's management, with adjustments to such projections made by the relevant General Partner in its discretion. In all cases, projections are inherently subject to uncertainty and factors beyond the control of a General Partner and are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Valuation of Investments.* Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all 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. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks and may also affect the diversification and management of such Fund's portfolio of investments.

*Unfunded Pension Liabilities of Portfolio Companies.* Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio

company is unable to satisfy such liabilities. Although Peak Rock intends to manage each Fund's investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business or for other reasons. There is no assurance that such Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by such Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

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

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

The ultimate impact of any such healthy emergency— and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict but could have a significant adverse impact and result in significant losses to the Funds. The extent

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

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

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

*Hedging Arrangements; Related Regulations.* A General Partner is authorized (but not obligated) to endeavor to manage the applicable Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging

arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Non-controlling Investments.* A Fund will likely hold meaningful minority stakes in privately held companies or debt obligations. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size, such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Although a General Partner will monitor the performance of each investment, it primarily will be the responsibility of a portfolio company's management to operate the portfolio company on a day-to-day basis. In certain circumstances a Fund will rely on information from private equity sponsors and other controlling owners that hold interests in a portfolio company. If possible, the relevant General Partner will seek appropriate creditor and shareholder rights to help protect a Fund's interest.

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

*Market Conditions.* Any material change in the economic environment, including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, 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. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

*Growth-Stage Companies.* Certain Funds' strategies includes targeting investments in growth-stage companies. While such investments offer the opportunity for significant capital

gains, such investments involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, which may impair such company's ability to pay interest and repay principal on its debt obligations. Many growth-stage companies will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. There is no guarantee a Fund or the controlling investor of such company will provide such additional capital. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*Investments in Growth-Oriented Companies.* Investments in expansion and growth-oriented companies have inherently greater risk than investments in more established businesses. To the extent there is any public market for the securities held by a Fund, such securities generally are subject to more abrupt and erratic market price movements than those of larger, more established companies. Such expansion and growth-oriented companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Oftentimes, such companies also have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Certain expansion and growth-oriented companies may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of the Fund's entire investment therein. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which a Fund invests, the Fund may suffer a partial or total loss of capital invested in that company. The foregoing factors also increase the difficulty of valuing such investments. For such privately held companies, exit and liquidity options may be more limited than is the case for larger, more established companies.

*Technology Sector Investments.* The investment portfolio of certain Funds are expected to include companies in the software and/or technology sectors (the "**Technology Sector**"). Investments in the Technology Sector are subject to certain specific industry risks that could adversely affect businesses in the Technology Sector, including: (i) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (ii) rapidly changing and difficult to predict market conditions and consumer preferences; (iii) short product life cycles; (iv) scarcity of, and high demand for, management, technical, scientific, research and marketing personnel with appropriate training; (v) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (vi) rapidly changing investor sentiments and preferences with regard to Technology Sector investments. Some of the Funds' portfolio companies are expected to compete in this volatile environment, and such competition may result in significant downward pressure on the prices of such portfolio companies' products and/or services. Competitors of a Fund's Technology Sector portfolio companies will range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing and/or financial resources. Barriers to entry in the Technology Sector are low, and software products can be distributed broadly and quickly at relatively low cost. Many of the areas in which a Fund and its portfolio companies are expected to



participate evolve rapidly with changing and disruptive technologies, shifting user needs and frequent introductions of new products and services. The emerging nature and rapid evolution of technology products and services generally require portfolio companies in the Technology Sector to continually improve the performance, features and reliability of their products and/or services, particularly in response to competitive offerings. There can be no assurance that such portfolio companies will be successful in achieving widespread acceptance of their products and/or services before competitors offer products and services with similar or improved performance, features and reliability. In addition, the widespread adoption of new technologies or standards could require substantial expenditures by such portfolio companies to modify or adapt their products or services. Such expenditures may negatively affect the profitability of such portfolio companies and, in turn, a Fund's operating results and performance.

*Uncertain Protection for Intellectual Property.* In certain cases, the value of a company or business in which a Fund invests will be dependent upon protecting proprietary rights with respect to one or more of the products such portfolio company develops, produces or markets. There can be no assurance that any issued patents for underlying products of any portfolio company will provide sufficient protection to allow portfolio companies to conduct their businesses in the ordinary course. A portfolio company may, from time to time, receive notices from persons claiming that such portfolio company has infringed upon their intellectual property rights. The quantity of such claims may grow over time due to the fast pace of developments in the Technology Sector, increasing amounts of user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents. Additionally, portfolio companies may use "open source" software in their products, or may use such software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. Licensing authors or third parties may allege that a portfolio company has not complied with the conditions of one or more of such licenses. To resolve these and other intellectual property infringement claims, the portfolio companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers, any of which may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs may be permitted to seek injunctive relief that may limit or prevent importing, marketing and selling products that utilize infringing technologies, and it is possible that such injunctive relief may be issued before the parties have fully litigated the validity of the underlying intellectual property rights. The success of portfolio companies will also depend on the preservation of trade secrets, which are often not protected by patents and are instead subject to relevant confidentiality agreements with third parties such as collaborative partners, licensors, employees and consultants. Disclosure of trade secrets or other confidentiality information in violation of any such agreement could adversely affect the relevant portfolio company.

*Special Opportunities Investments.* A Fund's investments can potentially involve 'event-driven' special situations such as recapitalizations, spinoffs, corporate and financial restructurings, litigation or other liability impairments, turnarounds, management changes, consolidating industries and other catalyst-oriented situations. A Fund can potentially also make direct and indirect investments targeting a particular asset or asset class by investing in or establishing businesses (on a joint venture basis or otherwise) engaged in particular types of activities (such as specialty finance), various types of consumer receivables (such as automobile loans and credit card receivables), commercial receivables, equipment and other leases, residential and commercial

mortgage loans as well as other financial instruments that provide for the contractual or conditional payment of an obligation. Investments in such securities are often difficult to analyze, have limited trading histories and have limited in-depth research coverage and, therefore, may present an increased risk of loss to such Fund.

In any investment transaction involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price paid by the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if such an anticipated transaction does not in fact occur, the Fund may lose all or a material portion of its investment.

*Credit Risks of Investments in Debt Instruments.* Credit portfolios are subject to credit risk, which is the likelihood that a company will default in the payment of principal and/or interest on its obligations, among other covenants and requirements, and how this risk changes over time. Financial strength and solvency of a company are key factors influencing credit risk. Companies may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance and increase credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Certain of the investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. Furthermore, certain instruments may provide for payments-in-kind interest, which has a similar effect of deferring current cash payments. In both cases, the return of the principal of an investment may be dependent on a liquidity event or the long-term success of the portfolio company, the likelihood of which is uncertain. Credit risk may change over the life of a Fund's investment. In addition, companies may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. If any of the above occurs, a Fund's ability to make anticipated distributions to investors could be delayed or otherwise adversely affected.

*Inflation Risk.* High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on a Fund's investments and its aggregated returns.

*Environmental, Social and Governance ("ESG") Matters.* Peak Rock maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that Peak Rock will be able successfully to implement its ESG policy while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Peak Rock, or any judgment exercised by Peak Rock, will reflect the beliefs or values of any

particular investor. There are also significant differences in interpretations of what ESG characteristics mean by region, industry and topic, as well as the interpretations of their scope and materiality. Peak Rock's interpretations and decisions are expected to differ from others' views and could also evolve over time. In addition, in evaluating an investment, Peak Rock expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Peak Rock to incorrectly assess a company's ESG practices and/or related risks and opportunities. Peak Rock does not intend independently to verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on Peak Rock's view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG policies. For avoidance of doubt, however, Peak Rock does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and Peak Rock's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. Peak Rock's ESG policies could become subject to additional regulation in the future, and Peak Rock cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Peak Rock or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Peak Rock, the General Partners, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Peak Rock's, the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such

circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Peak Rock or one of its service providers holding its financial or investor data, Peak Rock, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Peak Rock's policies and practices.

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

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

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

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

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

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

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

*U.S. Taxation of Carried Interest.* U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under

current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Peak Rock who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Peak Rock to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

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

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

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Peak Rock or any buyer group that typically are not applicable to more

traditional investment sales. For example, in circumstances where Peak Rock or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Peak Rock, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent Peak Rock requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Peak Rock in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Peak Rock reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory board prior to the closing of the transaction, there can be no assurance that Peak Rock will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Peak Rock reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. Peak Rock is permitted to seek the consent of the relevant Fund's advisory committee to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

*Advisory Board.* The respective General Partner will appoint one or more investor representatives to a Fund's advisory board, which has the ability to review and waive compliance with certain provisions of the applicable Governing Documents, including resolving 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 terms of the applicable Governing Documents, all investors in a Fund are bound by the determinations of its advisory board, regardless of whether an investor is represented by a member of the advisory board. The applicable Governing Documents will provide that to the fullest extent permitted by applicable law, none of the Fund's advisory board members shall owe any fiduciary duties to the Fund or any other investor. Members of a Fund's advisory board may have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to such advisory board for consideration or review. Members of

the applicable advisory board may have various business and other relationships with Peak Rock and its members, partners, managers, directors, officers, employees and affiliates. These relationships may influence their decisions as members of the applicable advisory board. To the extent that an investor is not represented by a member of a Fund's advisory board, such investor will have no influence over matters submitted to the advisory board for review or approval.

*Participation on Creditors' Committees.* To the extent a Fund is a creditor, the Fund may serve on committees formed by creditors ("**Creditors' Committees**") to negotiate with the equity owners and management of financially troubled companies that may or may not be in bankruptcy. Such Fund may also seek to negotiate directly with companies with respect to restructuring issues. Even if a Fund chooses to join a Creditors' Committee, there can be no assurance that the Fund would be successful in obtaining results favorable to it in such proceedings, and the Fund may incur significant legal fees and/or other expenses in attempting to do so, as Creditors' Committees generally consist of many participants, each of which attempts to obtain an outcome that is in its individual best interests. As a result of such Fund's service on such Creditors' Committees, the Fund may be deemed to have duties to other creditors represented by the Creditors' Committees, which might thereby expose the Fund to liability to such other creditors who disagree with the Fund's actions.

Peak Rock or a Fund's principals, on behalf of such Fund, may elect to serve on Creditors' Committees or other groups to ensure preservation or enhancement of the Fund's position and recovery as a creditor. A member of any such Creditors' Committee or group may owe certain obligations generally to all parties similarly situated that the Creditors' Committee represents. If Peak Rock concludes that its obligations owed to the other parties as a Creditors' Committee or group member conflict with its duties owed to the relevant Fund, it will resign from that Creditors' Committee or group, and the Fund may not realize the benefits, if any, of Peak Rock's service on the Creditors' Committee or group. Additionally, if a Fund is represented on a Creditors' Committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in the subject company while it continues to be represented on such Creditors' Committee or group.

## **Conflicts of Interest**

Peak Rock and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing investment advisory, legal, management, investment-related and other services to Funds and portfolio companies. Peak Rock will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Document(s), although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Peak Rock conducting its activities, the interests of a Fund likely will conflict with the interests of Peak Rock, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Peak Rock will determine all matters relating to structuring transactions and Fund operations using its best



judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the Funds.

During the investment period of a Fund, Peak Rock pursues all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions, as described in the applicable Governing Documents. However, Peak Rock currently manages, and expects in the future to manage, other investment funds and investments similar to those in which the Funds invest, and expects to direct certain relevant investment opportunities or resources to those investment funds and investments. Peak Rock personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Peak Rock's investment staff will continue to manage and monitor such investment funds and investments. Peak Rock's significant investment in a Fund, as well as Peak Rock's interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of Peak Rock with the interest of the partners of such Fund, although Peak Rock are expected to have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other investment funds and investments that Peak Rock expects from time to time to control or manage generally have the potential to compete with a Fund or companies acquired by such Fund. Following the investment period of a Fund, Peak Rock reserves the right to, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments, including one or more successor funds. To the extent an investment opportunity is received that is unsuitable for a Fund, in Peak Rock's sole discretion, Peak Rock and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, Peak Rock personnel are permitted to serve on boards or act in other roles unaffiliated with Peak Rock, the Funds or their portfolio companies, including boards of charitable and educational institutions and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

From time to time, Peak Rock will be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by advisory affiliates of Peak Rock. In determining which investment vehicles should participate in such investment opportunities, Peak Rock and its affiliates are subject to conflicts of interest among such investment vehicles.

Peak Rock must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Peak Rock generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Limited Partnership Agreement, as well as factors including but not limited to: the specific nature and terms of the investment, size and type of the investment, each Fund's investment restrictions, investment period and objectives (including those set forth in the relevant Fund's Limited Partnership Agreements or other Governing Documents, where applicable), strategy, capital structure, risk profile, time horizon, investment size, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle, structure, and any such other factors that Peak Rock deems relevant under the circumstances.

Further, certain Funds have, and are expected in the future to have, priority over certain types of investments otherwise appropriate for another Fund, which would limit or otherwise reduce the amount of available investment opportunities for such Fund. Peak Rock will have the discretion to construct what in its business judgment constitutes an appropriate investment portfolio for each Fund. As such, in determining what it believes to be an appropriate portfolio for a Fund, Peak Rock reserves the right to give consideration to factors in addition to those outlined above.

For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliated adviser of Peak Rock in the manner set forth in the relevant Limited Partnership Agreements and Peak Rock's investment allocation policy, as amended from time to time (the "Allocation Policy"). Peak Rock will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with Peak Rock's obligations and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could acquire size, revenue or other characteristics that would make it a suitable investment for one or more other Funds.

With respect to the allocation of investment opportunities among a private equity fund managed by Peak Rock (e.g., Fund II or Fund III) (each a "**PE Fund**") and a credit fund managed by Peak Rock (e.g., Credit Fund II) (each a "**Credit Fund**"), as a general matter, and subject to each applicable Limited Partnership Agreement, Peak Rock and its affiliates will allocate investment opportunities (and sale opportunities) between the PE Fund and the Credit Fund as follows: the PE Fund will invest primarily in corporate opportunities where Peak Rock expects it is likely to have control or influence over a company or a class of securities, and the Credit Fund will invest primarily in corporate credit opportunities where at the time the investment is consummated, Peak Rock does not expect to seek to have control of such company. With respect to the allocation of real estate debt investment opportunities among a fund managed by Peak Rock that is focused on real estate investments (each a "**RE Fund**") and a Credit Fund, subject to tax considerations and the terms of the Governing Documents of the relevant Credit Fund, Peak Rock and its affiliates generally intend to allocate investment opportunities (and disposition opportunities) between a RE Fund and a Credit Fund as follows: the RE Fund generally is expected to receive priority with respect to opportunities that are anticipated to entail origination of real estate-related debt, and the Credit Fund generally is expected to receive priority with respect to opportunities that are not anticipated to entail either an origination of real estate-related debt or opportunities that have a real estate equity component (which generally is consistent with the Credit Funds' historical investment focus to-date). With respect to the allocation of investment opportunities among a RE Fund and a PE Fund, Peak Rock's current expectation is that the RE Fund generally will receive priority with respect to equity investment opportunities related to real estate within the mandate of the RE Fund, subject to factors specific to each investment opportunity, including the expected size of the opportunity, the likelihood that Peak Rock will gain control or influence over a company, if an operating business is or is expected to be associated with real estate involved in the investment, and the factors listed above.

Following such determination of allocation among Funds, Peak Rock reserves the right to offer co-investment opportunities to one or more potential co-investors, including Special Consultants, operating partners, vendors, service providers and/or other third parties, as determined by the Governing Documents, Side Letters and Peak Rock's Allocation Policy. Peak Rock's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: the ability of a person to react promptly to co-invest opportunities; any strategic advantages that may result from a person's participation in a co-investment opportunity; supply or demand of an investment opportunity at a given price level; a person's commitment, including the size thereof, to a Fund and/or one or more other funds managed by Peak Rock and its affiliates; whether a potential co-investor has a history of participating in co-investment opportunities; whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the potential co-investment party would act upon the investment opportunity if offered; whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing, any interests a potential co-investment party has in any competitors of the portfolio company, the character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry); the likelihood that a person may invest in a future fund sponsored by Peak Rock or its affiliates; and/or any such other factors that Peak Rock deems relevant under the circumstances.

Furthermore, Peak Rock or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and because co-invest opportunities generally appeal to Fund investors and third parties, Peak Rock expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-

up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that employees and related persons of Peak Rock and its affiliates make capital investments in or alongside certain Funds, Peak Rock and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund reserves the right to co-invest through partnerships, joint ventures or other entities with one or more third parties as a co-venturer or partner, including with the seller (or an affiliate thereof) of and investment, a person involved in the selling or acquisition of the investment, an investor in the Fund (or other vehicle controlled by Peak Rock) or other third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the relevant Fund and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer or partner of a Fund may at any time have economic or business interests or goals that are inconsistent with those of the Fund; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the relevant Fund's investment objective; (v) the co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances a Fund may be liable for actions of its co-venturers or partners. The co-venturer or partner may be a joint venture partner or interest holder in another joint venture or other vehicle in which Peak Rock or its affiliates has an interest or otherwise controls. The co-venturer or partner may also be entitled to receive payments from, or allocations or performance-based compensation (e.g., carried interest) in respect of, the relevant Fund as well as such investments, and in such circumstances, any such amounts may be treated as a Fund expense and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Peak Rock, be deemed paid to or received by Peak Rock or reduce or offset the Management Fee. Moreover, Peak Rock may receive fees associated with capital invested by a co-venturer or partner relating to investments in which a Fund participates. This may be in connection with a joint venture in which a Fund participates or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which Peak Rock performs services. In addition, a Fund may co-invest with non-affiliated co-investors or partners whose ability to influence the affairs of the investments in which the Fund invests may be significant, and even greater than that of the Fund and as such, the Fund may be required to rely upon the abilities and management expertise of such co-venturer or partner. It may also be more difficult for a Fund to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments (and any such investment may be subject to a buy-sell right). The Fund may grant co-venturers or partners approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require the Fund to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, a Fund may be unable to fully realize its

expected return on any such investment. Further, to the extent that a Fund offers any co-investment opportunity to any limited partners or third parties, some or all of the risks described above may also apply to such co-investments.

Peak Rock's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Peak Rock 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 Peak expects to be subject, discussed herein, did not exist.

In certain cases, Peak Rock will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Limited Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Peak Rock will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Limited Partnership Agreement, 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.

In addition, Peak Rock and/or its affiliates, as well as any third parties that have co-underwritten an investment in the relevant portfolio company alongside a Fund are permitted to charge and retain transaction and monitoring fees, to such portfolio company with respect to any co-investment. Peak Rock is under no obligation to account to the relevant Fund for any such fees. Furthermore, to the extent that it is intended that co-investors (including Operations Group members and affiliates of Peak Rock) participate in a particular investment opportunity but such opportunity does not proceed to completion, any costs or expenses that have been incurred in respect of such opportunity (including costs relating to the portion of such opportunity which would have been taken up by co-investors) may be borne by the such Fund.

Peak Rock reserves the right from time to time to cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by Peak Rock, or co-investors or co-investment vehicles. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities, in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund, or in a situation where a portfolio company becomes better suited for a different Fund (e.g., where an opportunity for control arises or where the desired time horizon of the investment changes). Certain of such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Limited Partnership Agreements or otherwise in the sole discretion of Peak Rock, Peak Rock reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness or "arms-length" nature of a purchase or sale price, whether or

not part of a formal fairness opinion, “request for proposal” process, or proposal or quotation provided exclusively for the benefit of Peak Rock) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund’s advisory board) to such transactions. In certain circumstances, Peak Rock reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions. Peak Rock intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances.

Peak Rock anticipates that a Fund will make an investment in one or more companies in which (i) it has an investment in multiple classes or tranches of such company’s debt or equity securities, (ii) other credit clients invest along with a Fund in the same class or tranche of securities or such company, or (iii) one or more other Funds hold an investment, generally in a different class of such company’s debt or equity tranches. Certain Funds are permitted to make investments in other parts of the capital structure of a company in which another Fund has an investment in a debt or equity tranche. Such Funds may acquire their interests in such company at the same time or at separate times and on similar or different terms. The relevant Limited Partnership Agreement will allow certain Funds (or any respective successors or predecessors thereto) to make investments in the same company with limited or no restrictions and no requirement for prior approval from the advisory board or the investors in certain circumstances. Such investments will involve material conflicts of interest; Peak Rock believes such conflicts of interest in situations where one Fund and another Fund invest in the same company are mitigated in part by the commonality of ownership of such Funds.

Further, as an investment adviser to both such Funds, Peak Rock would owe a fiduciary duty to both such Funds. Consequently, given the differing tranches and corresponding priorities in the capital structure of a single company, Peak Rock expects in certain circumstances to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, such Funds (e.g., with respect to the structure and terms of the debt facilities, the enforcement of rights and remedies, and the resolution of restructurings or bankruptcies). Given the nature of such conflicts and applicable legal constraints (including bankruptcy laws), there can be no assurance that any such conflict will be resolved in a manner that is beneficial to either Fund. Peak Rock reserves the right, but is not obligated to, engage third-party experts, including independent appraisers, to advise Peak Rock regarding any situation in which multiple Funds are considering, make or hold an investment in the same company.

Where a Fund and/or one or more other Funds are considering, make or hold an investment in different securities of a company, Peak Rock is permitted, but is not obligated, to defer to third parties investing in the same class of securities as the Fund for purposes of negotiating the terms of and/or administering a loan investment. While this may to some extent help alleviate the conflict of interest involved, it would also result in such Fund having less control over the terms and management of its investment relative to a Fund investment where another Peak Rock entity does not hold an investment in different securities of such company.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company’s capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and

covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of one Fund, as applicable, to provide such additional financing. If such other Fund had the potential to incur a loss on its investment as a result of such difficulties, the applicable General Partner's ability to recommend actions in the best interests of the Fund might be impaired. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Peak Rock in its sole discretion. Similarly, the applicable General Partner's ability to implement a Fund's strategy effectively may be limited to the extent that contractual obligations entered into in respect of the activities of Peak Rock impose restrictions on the Fund engaging in transactions that the General Partner may be interested in otherwise pursuing. For example, a Fund that controls a company could have an interest in pursuing an acquisition that would increase indebtedness, a divestiture of revenue-generating assets or other similar transactions that may enhance the value of the equity investment with respect to such Fund but that would potentially also increase the risk of another Fund's debt investment in such company or otherwise not be in the best interests of such other Fund. Because of the different legal rights associated with debt and equity of the same portfolio company, Peak Rock expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness or guaranty of indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Peak Rock expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. Peak Rock intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness. Potential conflicts are expected to arise when, and to the extent, a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. If a future investment in a portfolio company were to involve more than one Fund, such investment also has the potential to raise the risk of using assets of one Fund to support positions taken by other Funds, or that a Fund may remain passive in a situation in which it is entitled to vote. Peak Rock and its affiliates reserve the right from time to time express to inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any

such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Limited Partnership Agreements of the Funds, Peak Rock will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Peak Rock expects to be faced with a variety of potential conflicts of interest. The allocations of such expenses may not be proportional. One Fund could bear different levels of expenses than other Funds with respect to the same investment.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Peak Rock or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size or the relative capital commitments or net asset value of each Fund, the applicable Governing Documents or other applicable contracts or policies of such Funds, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Peak Rock, or such other factors as Peak Rock determine in its sole discretion, including the purpose of the expense, the relation of the expense to the investment objectives of the applicable Fund, the type of securities or interest in question, and the nature of the due diligence required in respect of a particular investment. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which are expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

Allocations of expenses between multiple Funds poses a conflict of interest to Peak Rock because it generally has different levels of economic interests in each such Fund. Peak Rock will generally have different relative capital commitments, carried interest terms (or will be at a different stage of the carried interest waterfall), and Management Fee terms, in each case with respect to such Funds. As a result, an expense that is allocated to a Fund will generally be borne by Peak Rock to a different degree (which may be greater or lesser) than if such expense was allocated to another Fund.

There may be instances where one or more Funds, and particularly those with an investment strategies that differ from each other, make an investment in a portfolio company in conjunction with an investment made by another Fund. In such circumstances, the appropriate allocation between the Funds for fees and expenses generated in the course of evaluating and making such investments, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by Peak Rock or its affiliates in their good faith discretion. Allocations related to such fees and expenses will not always be proportional, and any such allocation determinations are inherently subjective, *e.g.*, in determining whether to allocate pro rata based on the number of Peak Rock entities participating or proportionately in accordance with the share of due diligence actually relied upon, and will be performed in



accordance with Peak Rock's Allocation Policy. Further, if one Fund makes an investment in a then-current portfolio company of another Fund, and in the course of evaluating and making such investment receives information directly from the first investing Fund's investment team, the later investing Fund generally will not be obligated to reimburse the first Fund for receiving such information. There may also be instances where a Fund's investment team leverages another Fund's investment team's expertise to assist on various portfolio company related matters at no cost. If one Fund later makes an investment in a portfolio company of another Fund using information received by the first investing Fund's investment team while providing services to such Fund, the later investing Fund shall not be obligated to reimburse any costs associated with receiving such information.

Since the General Partner is permitted to retain certain fees (as described under "Fees and Compensation") in connection with Fund investments, Peak Rock expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. Peak Rock manages such conflicts by offsetting the Management Fee by a specified percentage of such fees and by a General Partner's interest in the carried interest of a Fund. In addition, the potential conflict is further mitigated by the fact that such fees generally are negotiated with the applicable portfolio company's management team.

As a result of the Funds' controlling interests in portfolio companies, Peak Rock and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Peak Rock and/or its affiliates. Such amounts will be in addition to any Management Fees or carried interest paid by a Fund to Peak Rock and is subject to offset against Management Fees as described above.

Additionally, a portfolio company typically will reimburse Peak Rock or service providers retained at Peak Rock's discretion for expenses (including without limitation travel expenses) incurred by Peak Rock or such service providers in connection with its performance of services for such portfolio company. This subjects Peak Rock and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Peak Rock determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Peak Rock or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

As mentioned under "Fees and Compensation" above, Peak Rock and its affiliates are permitted to receive certain fees and compensation in respect of Fund investments that will not offset the Management Fee, including, among other things, loan-servicing, agency and administration fees. It is expected that for certain loans made by a Fund, Peak Rock or its designated affiliate (but not the Fund) will be appointed as administrative agent and be entitled to administration fees which will not be offset against the Management Fee. Generally, Peak Rock

will negotiate the terms of the agreements for such administration fees. In certain circumstances, Peak Rock or its designated affiliate will subcontract to a third party some or all of the servicing and administration of such loan at a lower cost than the total administration fee, resulting in Peak Rock or its designated affiliate (but not the Fund) retaining the difference in such rates.

Peak Rock also expects that it or a designated affiliate (but not the Funds) will be entitled to a fee associated with syndicating a portion of a loan associated with a Fund investment to third party lenders, and any such amounts will not offset the Management Fee paid by such Funds. It is possible that a Fund initially funds the full amount of a loan, whether using the Fund's credit facility or capital called from the investors of the Fund, and later sells down a portion of such loan to a third party. In such circumstances, the Fund generally will not be compensated for warehousing the additional portion of the loan, other than receiving a purchase price not less than its original cost for such investment plus legal and out-of-pocket expenses related to such investment. If a third-party syndicate member invests in a loan on terms that are less favorable to such syndicate member than the terms of such Fund's investment in respect of such loan, Peak Rock or its designated affiliate (but not the Fund) will benefit from such difference. For example, if a Fund makes a loan to a portfolio company at a specified interest rate and Peak Rock negotiates for a third-party syndicate lender to make its portion of such loan at a lower interest rate, Peak Rock or its designated affiliate (but not the Fund) will receive the benefit of the difference in the interest paid by the portfolio company and the amount of interest paid to such third-party syndicate member with respect to such syndicate member's portion of the loan. These terms create potential conflicts of interest for Peak Rock, including creating an incentive to syndicate more of a loan than a Fund otherwise would and to negotiate for higher fees.

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

Peak Rock generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service provided are expected to include: (i) Peak Rock or a related person of Peak Rock (which may include a portfolio company of such Fund) and at rates determined or substantively influenced by Peak Rock; (ii) an entity with which Peak Rock or its affiliates or current or former members of their personnel has a relationship or from which Peak Rock or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers; or (iii) certain limited partners or their affiliates. For example, Peak Rock expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This subjects Peak Rock to conflicts of interest, because although Peak Rock selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Peak Rock has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Peak Rock, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Peak Rock), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Peak Rock will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Peak Rock generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where Peak Rock commits or has committed to seek "market" or "arms-length" rates or terms, Peak Rock 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. Peak Rock reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, Peak Rock undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services geographies or comparable markets to which such rates or terms relate. Whether or not Peak Rock has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Peak Rock and/or its affiliates reserves the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Peak Rock and/or its affiliates; conversely, current or former executives, principals or other employees of Peak Rock and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by Peak Rock. Similarly, Peak Rock, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional

investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Peak Rock and/or its affiliates, and/or the Funds or other investment vehicles they advise. These third parties may also introduce investment opportunities to Peak Rock, arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies and/or introduce portfolio companies to potential acquisition or merger candidates. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Peak Rock entities) to Peak Rock personnel and their estate planning vehicles. Peak Rock expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or any of such Fund's portfolio companies, including where such recommendation is motivated by a belief that the service provider or its affiliate(s) will (a) continue to invest in one or more Funds, (b) provide Peak Rock information about markets and industries in which Peak Rock operates (or is contemplating operations) or (c) provide other services that are beneficial to Peak Rock or one or more other Funds. Peak Rock expects to be subject to a potential conflict of interest in making such recommendations, in that Peak Rock has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Peak Rock, its affiliates, and equity holders, officers, principals and employees of Peak Rock and its affiliates reserves the right to buy or sell securities or other instruments that Peak Rock has recommended to a Fund, including transactions deemed unsuitable for a Fund. In addition, Peak Rock, its affiliates, and equity holders, officers, principals and employees of Peak Rock and its affiliates are expected to have personal interests in real estate investments that are not available to a respective Fund, so long as permitted by the relevant Limited Partnership Agreement, but they will not in such circumstances be required to share in or reimburse the relevant Fund for due diligence or other expenses (including Broken Deal Expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Such transactions are subject to such Fund's Limited Partnership Agreement and the policies and procedures set forth in Peak Rock's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Certain employees and related persons of Peak Rock have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore expect to have additional potential conflicting interests in connection with these investments. When and to the extent that employees and related persons of Peak Rock make capital investments in or alongside a Fund, Peak Rock is subject to conflicting interests in connection with these investments. However, Peak Rock believes that such investments by Peak Rock employees and related persons better align the interest of Peak Rock with the interest of the partners of such Fund(s).

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential

conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Peak Rock deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to, and reimburse expenses of, operating professionals and other third party consultants (including consultants introduced or arranged by Peak Rock and/or its affiliates that may regularly provide services to one or more portfolio companies, such as Special Consultants), and such amounts do not offset or reduce the Management Fee as described herein.

Applicable Governing Documents contemplate the use of Special Consultants, as described therein. This is expected to include companies and individuals, which may be affiliates of Peak Rock, employees of such affiliates, portfolio companies, third party consultants (including individual members of an operations group, such as PGC and its members thereof, as well as consultants and external executives), "operating partners," "operating executives," "strategic partners," "executive partners" or "senior advisors" (collectively "**Special Consultants**"). Special Consultants are permitted to make use of Peak Rock resources or otherwise associate with Peak Rock, and Peak Rock and/or its affiliates expect to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Special Consultants are expected from time to time to include former employees of Peak Rock or certain portfolio companies, and in some circumstances, former Special Consultants are expected to become Peak Rock employees or employees of portfolio companies. Consequently, the determination of whether individuals are Special Consultants is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Peak Rock otherwise would be required to bear. Additionally, Special Consultants would be permitted to receive investment opportunities, reimbursements and other compensation that would not offset or reduce the Management Fee of any Fund, as described herein, and the use of Special Consultants is expected to fluctuate and/or expand over time. Special Consultants, PGC or Peak Rock and its affiliates are generally permitted to provide custodial, administration, administrative agent, collateral agent, and other asset management services (including monitoring covenant compliance by borrowers, a Fund, its affiliated investment vehicles, and other counterparties, monitoring the financial condition and other relevant operating data of such entities and tracking and enforcing payment obligations and cash payments) with respect to credit investments made by certain funds. To the extent such services are provided, some or all of the compensation is expected to be paid, reimbursed and/or otherwise borne by portfolio investments and/or the applicable Fund without offset against the Management Fee.

Peak Rock will be subject to potential conflicts of interest in determining whether to have a Special Consultant or a third party unaffiliated with Peak Rock provide asset management services in respect of a portfolio company, including custodial, administration, administrative agent and collateral agent services. Although the use of Special Consultants and the allocation of compensation paid to them by Peak Rock, its affiliates and/or the portfolio companies also subjects Peak Rock and/or its affiliates to potential conflicts of interest. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or written work product generated by the Special Consultants. Peak Rock believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Special Consultant is lower than market rates for the services provided and/or if the quality of the services of the Special Consultant make a greater contribution to the success of the portfolio company. Although Peak Rock seeks to retain Special Consultants with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of factors may result in limited or no cost savings from such retention. Peak Rock also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Peak Rock believes will align such persons' or groups' interests with those of the Funds' limited partners.

For the avoidance of doubt, employees and/or members of PGC are not employees of Peak Rock and are treated by Peak Rock similar to third party advisors, consultants and board members. PGC employs or otherwise retains executives that provide consulting and other services to certain portfolio companies of certain Funds. Peak Rock generally intends to determine how compensation and expenses of PGC and its employees and/or members are allocated among portfolio companies, a Fund and Peak Rock based on time spent on the activities specific to each such entity. To the extent such services are provided, some or all of the compensation for PGC and its employees and/or members' services (including overhead) is expected to be paid and/or reimbursed by portfolio companies and/or the Fund without offset against the Management Fee. While Peak Rock intends for PGC employees and/or members to track their time and activities and intends for the relevant General Partner to review and monitor such tracking, generally on a monthly basis, Peak Rock is permitted to estimate or use other methods to approximate time spent serving in such roles or to otherwise allocate activities, compensation and expenses to such roles. Peak Rock is permitted to also allocate overhead and other fixed costs generally based on monthly time estimates and/or such other estimates and methods. Such estimates may not be accurate and Peak Rock will be subject to potential conflicts of interest in making such determinations.

For the avoidance of doubt, Peak Rock and their respective affiliates intend to retain Special Consultants and/or Operations Group members outside of the existing PGC structure.

Peak Rock will be subject to potential conflicts of interest in determining whether to have a portfolio company engage PGC (or an employee and/or member thereof) or a third-party consultant unaffiliated with Peak Rock. It will also be subject to potential conflicts of interest in determining whether to have a Special Consultant or a third party unaffiliated with Peak Rock provide asset management services in respect of a portfolio company, including custodial, administration, administrative agent and collateral agent services. Although Peak Rock intends to retain PGC and employees and/or members thereof and other Special Consultant(s) with a view to reducing costs to portfolio companies and the Funds and/or improving portfolio company or Fund

performance, a number of factors may result in limited or no cost savings from such retention. In addition, Peak Rock intends to retain PGC and employees and/or members thereof and other Special Consultant(s) in situations it believes such persons provide a level of service at a value generally consistent with or superior to other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at a lesser cost. In addition, the economic impact of such compensation and related expenses borne by a portfolio company may not be proportional as between a Fund and the various other owners of the applicable portfolio company, and any determinations in respect thereof involve inherent matters of discretion by Peak Rock.

Peak Rock generally enters into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures or arrangements (including discounted or rebated compensation terms or changes to management fee offset mechanics, none of which generally will be subject to the “most-favored nation” provisions of a Fund’s Governing Documents), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, limits on indemnification obligations, consent rights to certain Limited Partnership Agreement amendments, right to a seat on a Fund’s advisory board, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic, procedural and other terms.

Peak Rock is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners (e.g., based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Peak Rock, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Peak Rock, its affiliates and personnel, or the Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Peak Rock, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Peak Rock to potential conflicts of interest, including in circumstances where an investor’s right to serve on the relevant Fund’s advisory board results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund. As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Peak Rock believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such

limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

Peak Rock is permitted to institute a program under which portfolio companies owned by the Funds are given the option to participate in purchasing, vendor or similar arrangements with Peak Rock, its affiliates and other portfolio companies. If established, program participants would receive discounts negotiated with various vendors and service providers on a groupwide basis. In certain cases, such arrangements will involve the sharing of risk, such as under group insurance arrangements where deductibles are shared or calculated with regard to the group rather than individual insured parties. Peak Rock believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the rates for goods and services are discounted due to scale relative to those widely available in the market.

Peak Rock has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Peak Rock has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. From time to time Peak Rock and its affiliates and personnel could receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Peak Rock, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course.

Peak Rock attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Peak Rock's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such entities in a fair and equitable manner. Where necessary, Peak Rock consults and receives consent to conflicts from an advisory board consisting of limited partners of the applicable Fund(s) and such other investment vehicles, if any.

The relevant liability standards under insurance coverage procured by Peak Rock are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors



generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Peak Rock's insurance coverage are higher or lower than that set forth in the Governing Documents.

To the extent that an investment or relationship raises particular conflicts of interest, Peak Rock will review the circumstances of such investment or relationship with a view to addressing or mitigating any potential conflict. Where appropriate in connection with a conflict Peak Rock's practice is to consult with and, where necessary, seek approval from an advisory board consisting of limited partners of the relevant Fund and such other investment vehicles.

#### **ITEM 9. DISCIPLINARY INFORMATION**

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

#### **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under "Advisory Business" above, the Adviser is affiliated with the General Partners, the Relying Advisers and the Management Companies, each of which is registered with the SEC under the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. The General Partners, the Relying Advisers and the Management Companies operate as a single advisory business together with the Adviser and serve as the General Partners, Relying Advisers or Management Companies of the Funds and the Executive Fund, as applicable, and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

#### **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Peak Rock has adopted a Code of Ethics and Securities Trading Policy (the "Code"), which sets forth standards of conduct that are expected of Peak Rock principals and employees and addresses certain conflicts that may arise from personal securities trading. The Code requires Peak Rock personnel, among other things, to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to the Chief Compliance Officer at (512) 765-6520. Personal securities transactions by Peak Rock personnel are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Peak Rock and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed,

might affect an investor's decision to buy, sell or hold a security. Under applicable law, Peak Rock and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Peak Rock.

Accordingly, should Peak Rock or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Peak Rock would be prohibited from communicating such information to clients, and Peak Rock will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and/or procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Peak Rock personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

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

A Fund may invest together with other Funds advised by an affiliated adviser of Peak Rock in the manner set forth in the applicable Governing Documents. Peak Rock will allocate investment opportunities or advisory recommendations in a manner it believes to be fair and equitable to the Funds under the circumstances over time, consistent with its fiduciary obligations, the Governing Documents for the relevant Fund and Peak Rock's Allocation Policy.

In addition, a Fund may buy assets from, or sell assets to, Peak Rock or its affiliates, including other Funds. This could potentially create a conflict of interest between Peak Rock and a Fund because Peak Rock would have an incentive to negotiate more favorable terms for itself or one of its affiliates at the expense of a Fund. These could be deemed principal transactions for which Peak Rock has established policies and procedures and is subject to certain obligations in the event these transactions occur. Additionally, Governing Documents may establish the terms of any principal transactions or restrict principal transactions. To the extent that Peak Rock engages in principal transactions, Peak Rock will seek to provide disclosure to limited partners of the potential for principal transactions and the process for approving such transactions.

Peak Rock and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in the Funds, as well as give advice and recommend securities to vehicles that may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

In borrowing on behalf of a Fund, Peak Rock is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. The costs relating to the establishment and/or maintenance of a subscription line of credit may be material, and there can be no assurance that the benefits to limited partners will be commensurate with such costs. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the relevant 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.

Peak Rock will effect such borrowings consistent with a Fund's Governing Documents and in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

## **ITEM 12. BROKERAGE PRACTICES**

Peak Rock focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Peak Rock reserves the right to also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Peak Rock does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Peak Rock sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Peak Rock. In such event, Peak Rock will seek to select brokers on the basis of best price, transaction costs and execution capability. In selecting a broker to execute client transactions, Peak Rock reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

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

Consistent with Peak Rock seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Peak Rock generally does not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all of Peak Rock’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Peak Rock, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Peak Rock allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

Peak Rock does not anticipate engaging in significant public securities transactions; however, to the extent that Peak Rock engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Peak Rock also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Peak Rock expects, but is not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided Peak Rock believes they are fair and equitable to its clients under the circumstances over time.

### **ITEM 13. REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Peak Rock will closely monitor companies in which the Funds invest.

Peak Rock will generally provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

#### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

As discussed in the "Fees and Compensation" section, Peak Rock expects to receive certain fees from a Fund's portfolio companies. As described in the applicable Fund's Governing Documents, this compensation, in certain circumstances, will offset all or a portion of the Management Fees paid by the Fund. However, in other circumstances, these fees would be in addition to Management Fees.

Peak Rock reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be borne by Peak Rock indirectly through an offset against the Management Fee under the Governing Documents, 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(s).

#### **ITEM 15. CUSTODY**

Peak Rock and its affiliates are deemed to have custody of funds and securities of the Funds because it has the authority to obtain funds or securities of the Funds, for example, by deducting Management Fees from a Fund's account or otherwise withdrawing funds from a Fund's account. Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**") imposes certain requirements on registered investment advisers who have actual or deemed custody of clients' funds or securities, subject to certain exceptions set forth in the Custody Rule and related guidance. However, Peak Rock is exempt from (or is deemed to comply with) many of the provisions of the Custody Rule because (i) each Fund is audited in accordance with U.S. Generally Accepted Accounting Principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and audited financial statements are distributed to each investor in the Funds within 120 days of the end of each Fund's fiscal year, and (ii) each Fund's assets are held at a qualified custodian to the extent required by the Custody Rule. Such qualified custodians include prime brokers, banks, and other broker-dealers.

#### **ITEM 16. INVESTMENT DISCRETION**

Peak Rock has discretionary authority to manage investments on behalf of the Funds. As a general policy, Peak Rock does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Peak Rock and/or its affiliates generally enters into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other agreed-upon reasons. Peak Rock assumes this discretionary authority pursuant to the terms of the Governing Documents.

## **ITEM 17. VOTING CLIENT SECURITIES**

Peak Rock has adopted Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for a Fund’s portfolio companies. The Proxy Policy seeks to ensure that Peak Rock votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Peak Rock generally believes its interests are aligned with those of a Fund’s investors through the principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Peak Rock may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board is authorized to approve Peak Rock’s vote in a particular solicitation. Peak Rock does not consider service on portfolio company boards by Peak Rock personnel or Peak Rock’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Peak Rock when voting proxies on behalf of a Fund. If you would like a copy of Peak Rock’s complete Proxy Policy or information regarding how Peak Rock voted proxies for particular portfolio companies, please contact the Chief Compliance Officer at (512) 765-6520, and it will be provided to you at no charge.

## **ITEM 18. FINANCIAL INFORMATION**

Peak Rock does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.