

# Essential Housing Fund III SBCERA Presentation

March 2024



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## Section I

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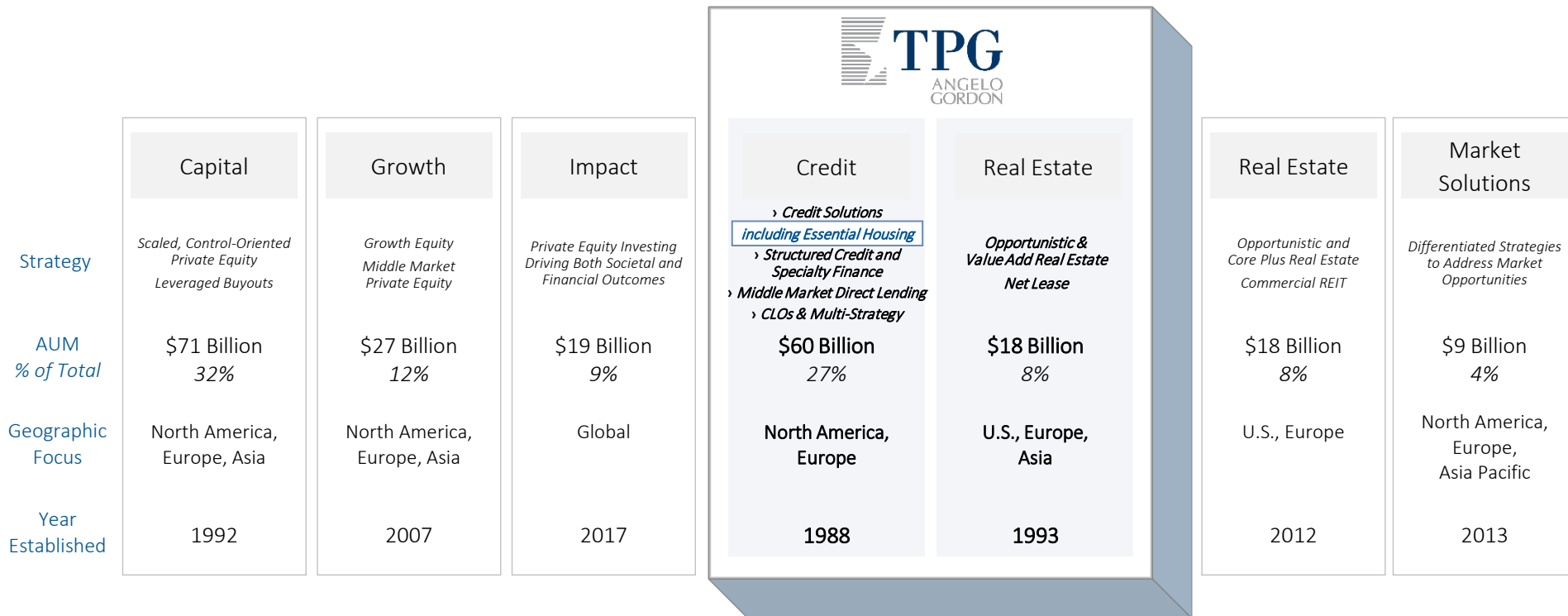
# Introduction & Overview of the Opportunity

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## TPG Platform Overview

- TPG Angelo Gordon is now the sixth vertical in the TPG organization
- The combination of TPG and AG enables our industry-leading investment teams to collaborate and create a truly diversified investment franchise
- Angelo Gordon's Credit and Real Estate platforms complement TPG's existing investment business

\$222 Billion of Total AUM<sup>1</sup>



1. See "AUM Disclosure" for further details.

# Introduction & Overview of the Opportunity

## Essential Housing Platform Overview

- **Essential Housing Financing (“EHF”)** is a transformative business platform that provides homebuilders with off-balance-sheet financing for short-duration, close-to-production land inventory
  - Have originated over 400 projects representing over \$11 billion of total project value since platform launch in 2020
  - Program has onboarded 11 leading homebuilders to date, with Lennar as the anchor
  - \$4 billion of equity raised across two draw-down funds to date
- EHF is designed to allow builders to more efficiently finance their land assets at increased scale and with enhanced ease of use
- This business model is helping to drive a homebuilder industry-wide shift that aims to provide them with key benefits:
 

- (1) **More Efficient Capital Utilization**
  - (2) **Just-in-Time Lot Delivery**
  - (3) **Structure Designed for Off-Balance Sheet Accounting**
  - (4) **Enhanced Return on Invested Capital Metrics (ROE/ROIC) to Drive Favorable Valuations**
- The EHF program contains several unique, proprietary structural advantages and risk-mitigation features to generate favorable risk-adjusted returns
- Proven business plan as platform launches third vehicle

### SUMMARY PLATFORM HISTORY

#### Essential Housing Fund 1 (2020 Vintage) *Launch & Proof-of-Concept*

*Platform formed around Lennar Corporation as the captive customer and strategic partner to prove out the programmatic concept*

#### Essential Housing Fund 2 (2021 Vintage) *Scale & Adoption*

*Roll-out to other leading homebuilders to accelerate a more permanent, industry-wide shift to an asset-light business model*

#### Essential Housing Fund 3 (2024 Vintage) *Market Leader & Growth*

*Continued expansion and innovation as Essential Housing is recognized as a market-leading financing partner*

# Introduction & Overview of the Opportunity

## *Essential Housing Fund Progression*

|   | EHF-1<br><i>Launch &amp; Proof of Concept</i> | EHF-2<br><i>Scale &amp; Adoption</i>  | EHF-3<br><i>Market Leader &amp; Growth</i> |
|---|---|---|--|
| <b>Vintage</b>  | 2020  | 2021  | 2024                                       |
| <b>Fund Equity Commitments</b>                          | \$1.0bn                                       | \$3.0bn   | Targeted \$3.0bn                           |
| <b>Status</b>   | Harvest Phase                                 | Entering Harvest Phase  | Q1'24 Initial Close                        |
| <b>Builder Participants</b>                             | 1 (captive Lennar)                            | Lennar + 10 additional  | Expand Market Share                        |
| <b>Origination Period</b>                               | 12 months                                     | 24 months   | 30 months                                  |
| <b>Distributed-to-Paid in Capital (DPI)<sup>1</sup></b> | 109% (as of Jan'24)                           | Full return of invested capital expected by Harvest Year 2<br><i>Consistent with EHF-1 Actual</i> | Unchanged                                  |

### Portfolio Statistics:

|  |                      |                                 |                  |
|--|----------------------|---------------------------------|------------------|
| <b>Originations (Land + Development)</b> | ~\$3.1bn             | ~\$8.5bn+ forecast life-of-fund | ~\$12.5bn+       |
| <b>Diversification</b>                   | 36 MSAs in 15 States | 54 MSAs in 19 States            | Similar to EHF-2 |
| <b>Projects Originated</b>               | 110                  | 325+ forecast life-of-fund      | 400+             |

### Project Selection Guidelines:

|  |  |           |           |
|--|--|-----------|-----------|
| <b>Avg. Builder Indicated Gross Margin</b> | Avg 25%+<br><i>with "project selection" upside</i> | Unchanged | Unchanged |
| <b>Option Term</b>                         | < 40 months  | Unchanged | Unchanged |
| <b>Avg. First Scheduled Lot Takedown</b>   | < 9 months   | Unchanged | Unchanged |

(1) Distributed-to-Paid in Capital is the sum of Distributed Capital divided by Called Capital for limited partners (excluding GP and affiliates) net of all expenses including quarterly management fees and the carried interest allocation to the general partner excluding the impact of tax withholdings at the offshore blocker entity. Past performance is no guarantee of future results.



## Section II

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# Key Investment Considerations

# Key Investment Considerations

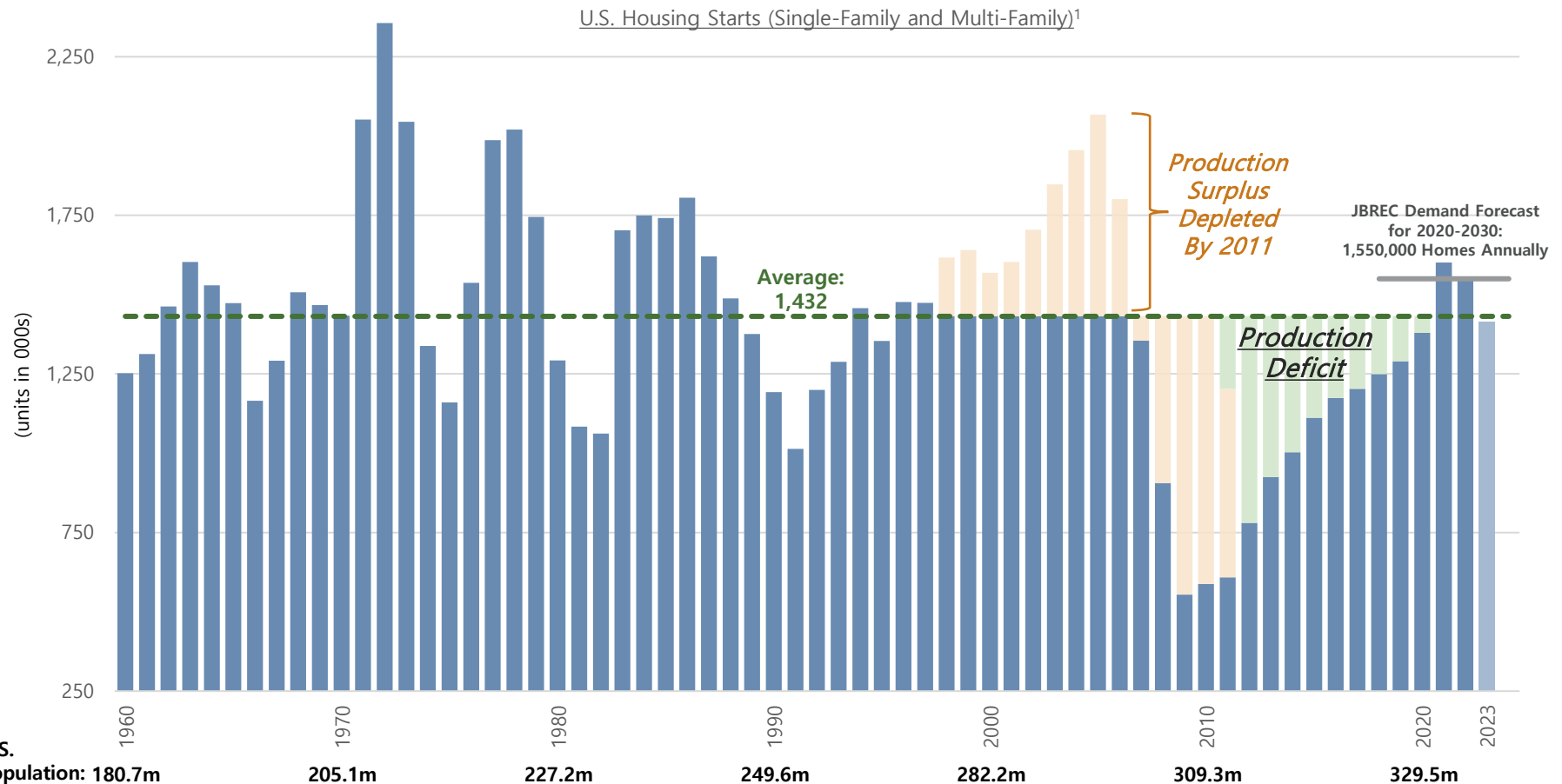
## Overview



# 1. Supportive Housing Supply/Demand Dynamics

## *Underproduction Drives Significant Long-Term US Housing Deficit*

- The market overcorrected post-GFC and has been under-supplying household formation for over a decade, leading to a significant production deficit; improvement in demand trends intersected low supply and led to today's builder pricing power and higher margins



(1) Source: Census Bureau New Residential Construction and John Burns Real Estate Consultants.

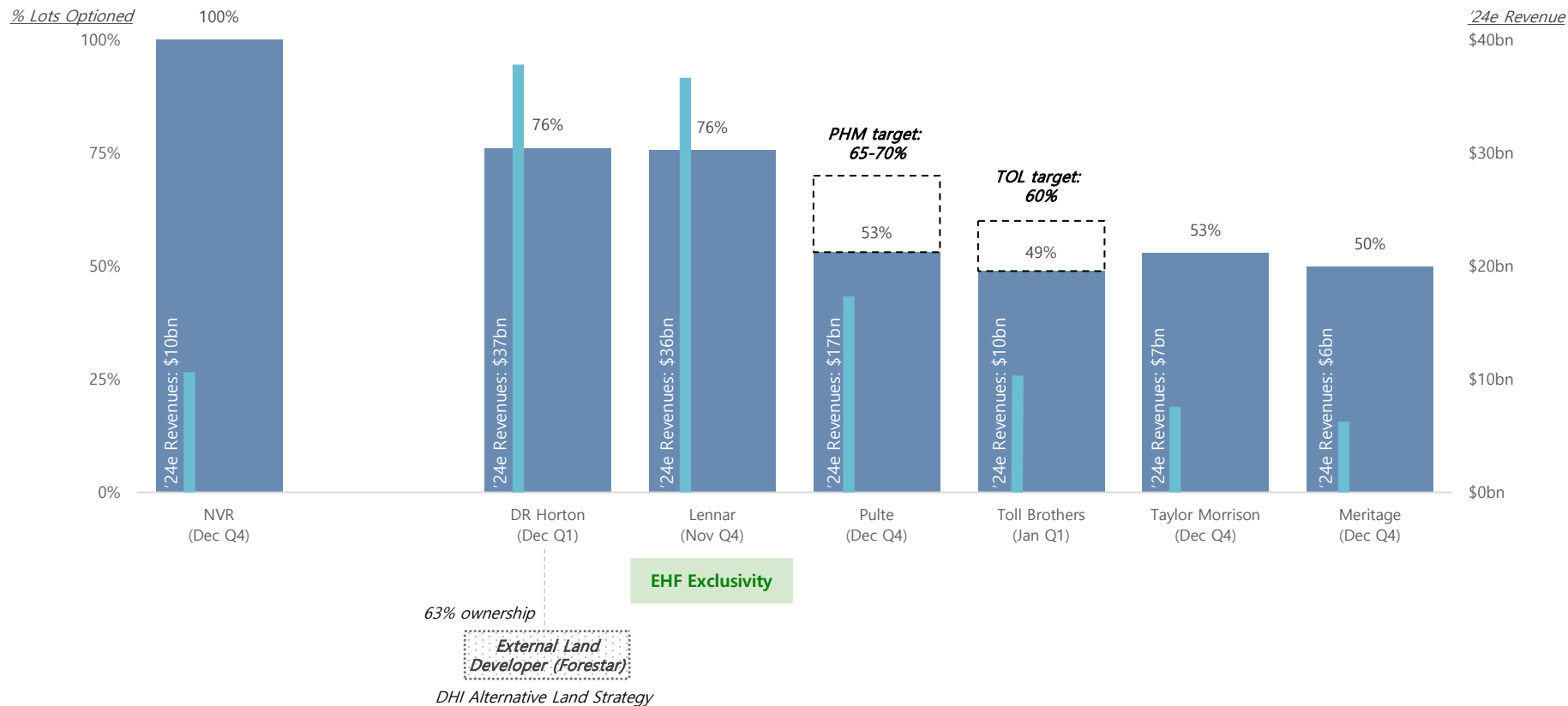
## 2. Industry-Wide Pivot to Asset Light Model is Underway

### *Demand for Essential Housing Product Remains Robust*

Lennar and DR Horton adopting the asset-light strategy is a more seismic shift in the industry (relative to NVR) given their platform scale; this is a driving force for the peer group to follow suit

#### *Current % of Lots Optioned*

Key Public Homebuilders (sorted by revenue)



Source: Homebuilder SEC filings and Bloomberg estimates as of 2/23/24.

### 3. Unique Sourcing and Strategic Relationship with Lennar

*The Shared Vision of the Lennar-EHF Strategic Relationship*

#### What Lennar Needed from EHF

- An asset management platform with [strategic LP relationships](#) to drive significant capital formation necessary to satisfy a company-wide asset light pivot for an organization of Lennar's size...  
...with [institutional experience](#) running the strategy and an [integrated operating partner](#) to ensure consistent execution at scale
- [Evolution of landbanking product](#) through [new innovative features](#) to drive cost of capital appropriately lower to make economic sense for the largest and best capitalized builders
- Tailored structure designed to meet specific requirements to make [off-balance sheet](#) accounting available for the Builder
- [Durable and reliable counterparty](#) through a dedicated landbanking platform
- [Streamlined underwriting process](#) with clearly defined "buy box" permits builder to more confidently execute land buying strategy
- [Standardized documents](#) and programmatic approach to reduce "hidden costs" of negotiating and managing bespoke agreements
- Investment in systems and technology to improve user experience
  - Development of proprietary Homesite Selection System (HSS) software application made available fee-free to customers
- Ability to design creative new solutions in [partnership](#)

#### What EHF Needed from Lennar

##### Take Successful Features of Traditional Landbank Structure...

- Direct ownership of assets
- Short asset duration creates limited exposure to macro slowdown
  - EHF "last dollar out" up to 40mo; specifically limited scope
- Predictable, contractual cash flows with built-in amortization through monthly return of capital and return on capital
- Builder deposit of 19.9% representing "first loss" tranche
- No entitlement risk and no development cost overrun risk

##### ...and Improve through Proprietary Risk Mitigation Innovations

- Contractual Relationship with Lennar as Anchor Customer
- Proprietary Access and Exclusive "First Look" on Deal Flow
- Adverse Development Project "Put Back" Framework
- Land Market Innovations (ie, Variable Deferred Land Cost)
- Ability to Design Incremental Solutions in Times of Dislocation
- Materiality of Relationship as Key Risk Mitigation

## 4. Proprietary Business Model with Competitive “Moat” The “Flywheel”

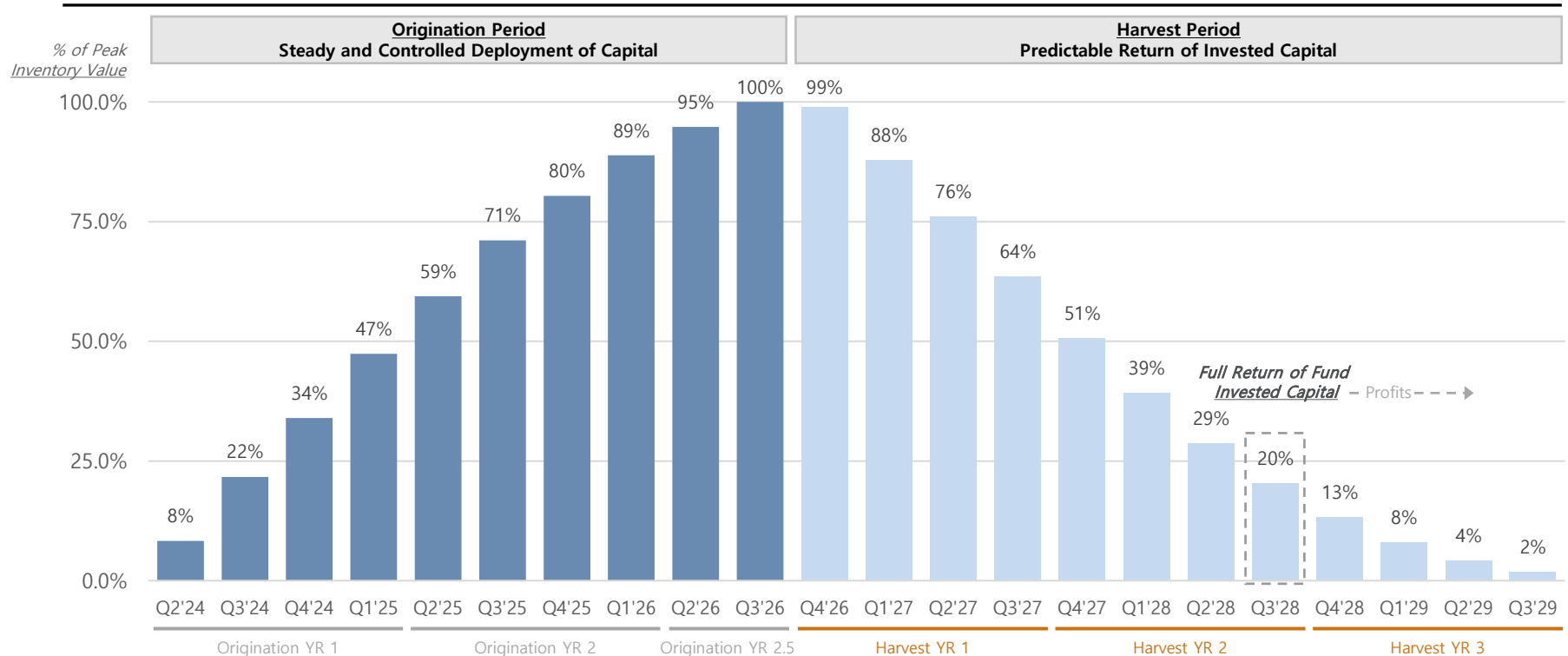


## 5. Predictable Cash Flows with Limited Duration

### *Steady and Controlled Deployment with Contractual Built-in Amortization During Harvest*

- **Steady and Controlled Deployment of Capital:** New EHF originations are done on a rolling basis, allowing underwriting to dynamically adjust to changing home price environments and allowing EHF to cease to deploy new capital if warning signs begin to emerge
  - Peak capital deployment is intentionally expected to coincide with the end of the investment period, assuming market conditions remain satisfactory
- **Peak Capital Deployment Exists for a Short Period of Time:** After the investment period ends and the portfolio is “set”, built-in amortization causes a rapid de-risking of the structure and minimizes capital at risk
  - Full return of invested capital expected by Harvest Year 2

EHF-3 Illustrative Inventory Value Over Time Based on Hypothetical Model Portfolio<sup>1</sup>



(1) Illustrative inventory value over time is based on a hypothetical model portfolio comprised of projects with funding and payoff schedules that mirror the terms of the Option & Construction Agreements for a representative selection of landbank projects. Illustrative inventory value over time for the model portfolio is hypothetical and is based on financial analyses that rely on certain assumptions. See Return Disclosures at the end of the presentation for a general description of the assumptions inherent in the model. While TPG-AG believes these financial analyses and assumptions to be reasonable, there are many risk factors that could cause the assumptions of EHF to prove incorrect and there can be no assurance that the underlying assumptions will be met. The model portfolio may not be indicative of the types of investments that will be available to EHF-3. There is no guarantee that the investment objective will be successful or that losses can be avoided.

## 6. National Portfolio of Projects

*Diversified by Price Point, Product Type, Market/Submarket and Builder*

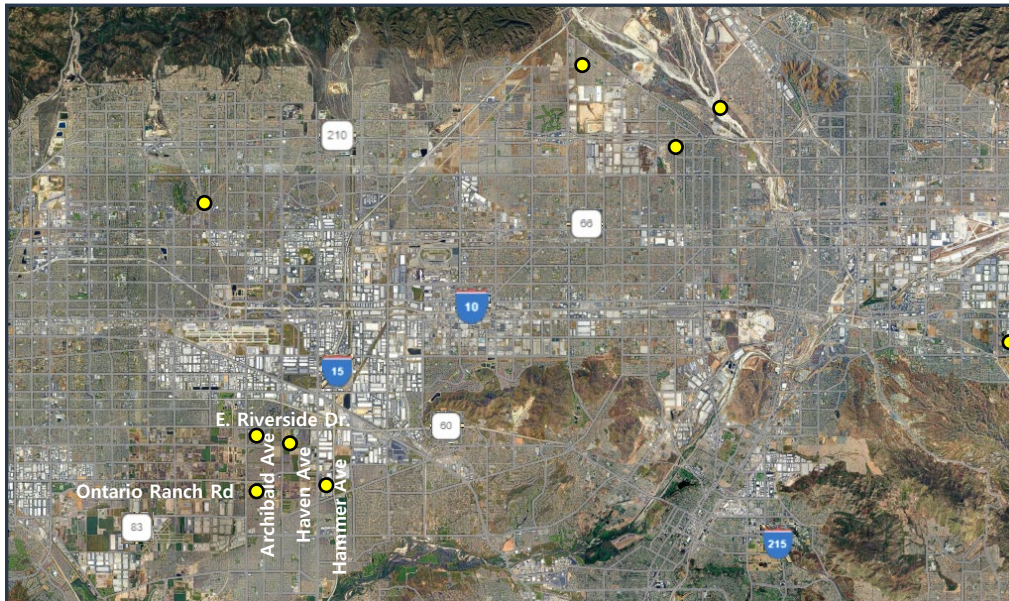
### Nationwide Portfolio Diversified By:

- Price Point
- Product Type
- Market/Submarket
- Builder

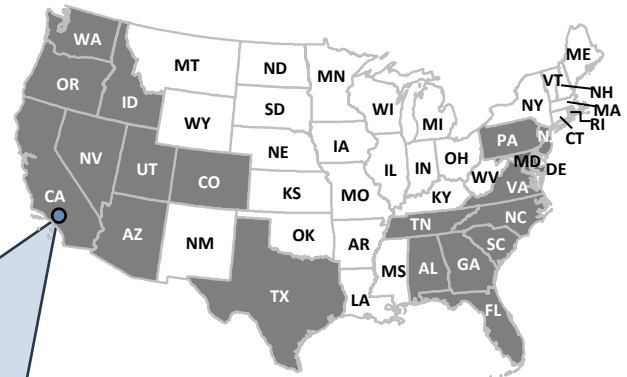
### EHF Total Portfolio Summary:

- 59 MSAs in 20 States
- 400+ Projects
- Over \$11 billion of originated total project value to date

#### SAN BERNARDINO COUNTY EHF PROJECTS



EHF has targeted strong "core" builder markets primarily in the "Smile States" located in the West Coast, Southwest/Texas, Florida, and Atlantic Coast



### Within San Bernardino County

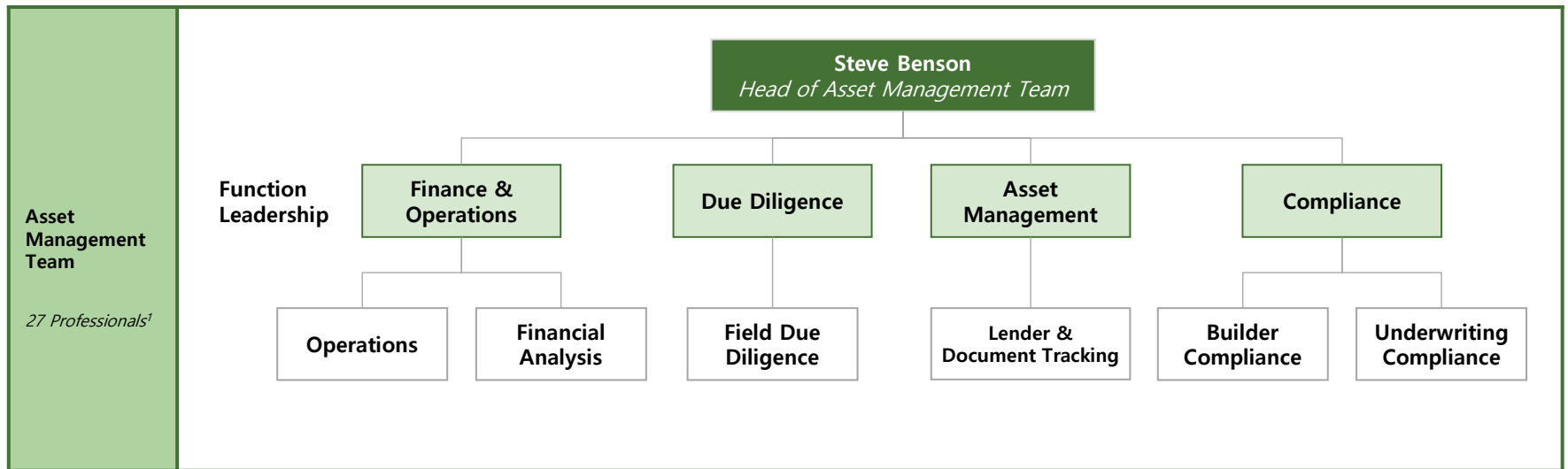
EHF has originated 9 projects representing over 2,800 homesites

## Section III

# Asset Selection and Diligence Process

# Asset Selection and Diligence Process

## Platform Constructed to Support Programmatic Facility at Scale



\* Note: Builder responsible for EHF legal and market study transaction expenses

(1) Includes positions currently being filled.

# Asset Selection and Diligence Process

## EHF Underwriting Process

Significant visibility into upcoming project pipelines

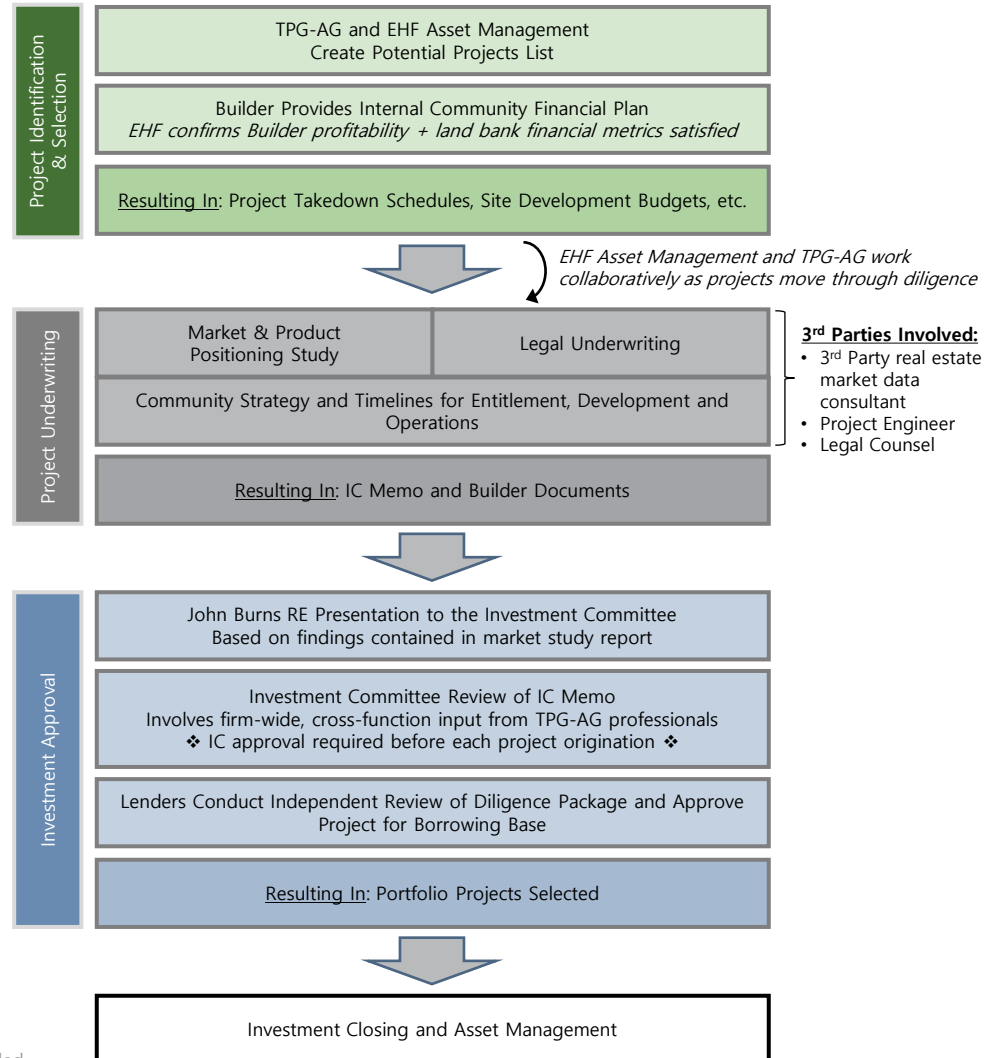


Eligible “fit the box” projects analyzed through detailed underwriting to select “best of the best” projects

### Additional considerations to control risk include:


- Overlay of MSA strength (focus on primary homebuilder markets)
- Confirm property relative to sub-market (proximity to employment centers, transportation corridors, and other MSA amenities)
- Highest gross margin provides greatest protection
- Finished lots are attractive given mitigation of schedule and cost overrun risk
- Analysis of project to date, including variances (positive and negative) to original underwriting
- Analysis of Builder's product positioning strategy, including evaluation of product type, average sales price, and home sale pace assumptions relative to individual market conditions and competitive landscape
- Analysis of importance to Builder business strategy (select projects core to strategy)
- Confirm product is common to and well suited for market

### Project Selection Process<sup>1</sup>



(1) Represents a typical project selection process, which may vary.

Note: There is no guarantee that the investment objective will be successful or that losses can be avoided.



# Appendix Biographies

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# Appendix

## Biographies

### Co-Portfolio Managers

**Ryan Mollett** is the Co-Portfolio Manager of the TPG AG Essential Housing Funds. Ryan joined TPG Angelo Gordon in 2019 as the Global Head of Credit Solutions. He is the Portfolio Manager of AG Credit Solutions Fund, CSF Annex Dislocation Funds, Corporate Credit Opportunities Fund, Essential Housing Fund, and related accounts, and oversees the TPG Angelo Gordon teams in the U.S. and Europe focused on distressed debt and special situations opportunities. Prior to joining TPG Angelo Gordon, Ryan was a Senior Managing Director at GSO Capital Partners and a senior investment professional and investment committee member of GSO's Global Distressed Investment Team, including as a Joint Portfolio Manager of GSO's Capital Solutions Funds, Credit Alpha Funds and the Special Situations Funds, as well as GSO Community Development Capital Group LP. Prior to joining GSO in 2011, Ryan was a Director at BlackRock where he was a Portfolio Manager and Senior Research Analyst. Before that, he was a trader at First New York Securities and a consultant with Gemini Realty Advisors. Ryan received a B.A. in History from Princeton University and an MBA in Finance and Investment Management from Yale University. He serves on the Board of the Boys' Latin School of Maryland and is a member of the Athletic Advisory Council at Greenwich Country Day School.

**Bryan Rush** is the Co-Portfolio Manager of the TPG AG Essential Housing Funds. Bryan joined TPG Angelo Gordon in 2008 and is a Managing Director in the Credit Solutions group. Before joining TPG Angelo Gordon, Bryan spent three years in the Restructuring group at Jefferies & Co. Bryan has a B.B.A. and a Master's in Professional Accounting Degree from the University of Texas. Bryan has focused his investments in Homebuilding, Building Products, and other Real Estate, as well as Media & Telecom, Retail, Intellectual Property, Infrastructure and Litigation Claims.

### Operating Partner

**Steve Benson** is the Operating Partner for the TPG AG Essential Housing Funds and a member of the EHC-3 investment committee. Steve is a Senior Executive with 30+ years in leadership roles, accountable for the successful operation of both publicly traded and privately held homebuilding companies. Steve has held senior management positions with both public and private homebuilding companies. From 2001 through 2010, Steve was an Executive Vice President and Investment Committee Member of Acacia Capital in Phoenix, Arizona and starting in 2012 formed CDCG Asset Management, LLC to manage GSO / Blackstone's land banking activities. Since late 2019, Steve has been an integral part of the vision, formation and execution of the Essential Housing Fund's land investment strategy. For the last 20 years Steve has led origination, underwriting and asset management of land banking investments. These investments were placed with many of the top public builders in virtually every major US housing market. Steve received a Bachelor's Degree in Accounting from Eastern Michigan University and a Master's Degree in Organizational Development from Fielding Graduate Institute where he also completed postgraduate studies in Human and Organizational Systems. Steve is a Certified Public Accountant and a Certified Integral Coach.

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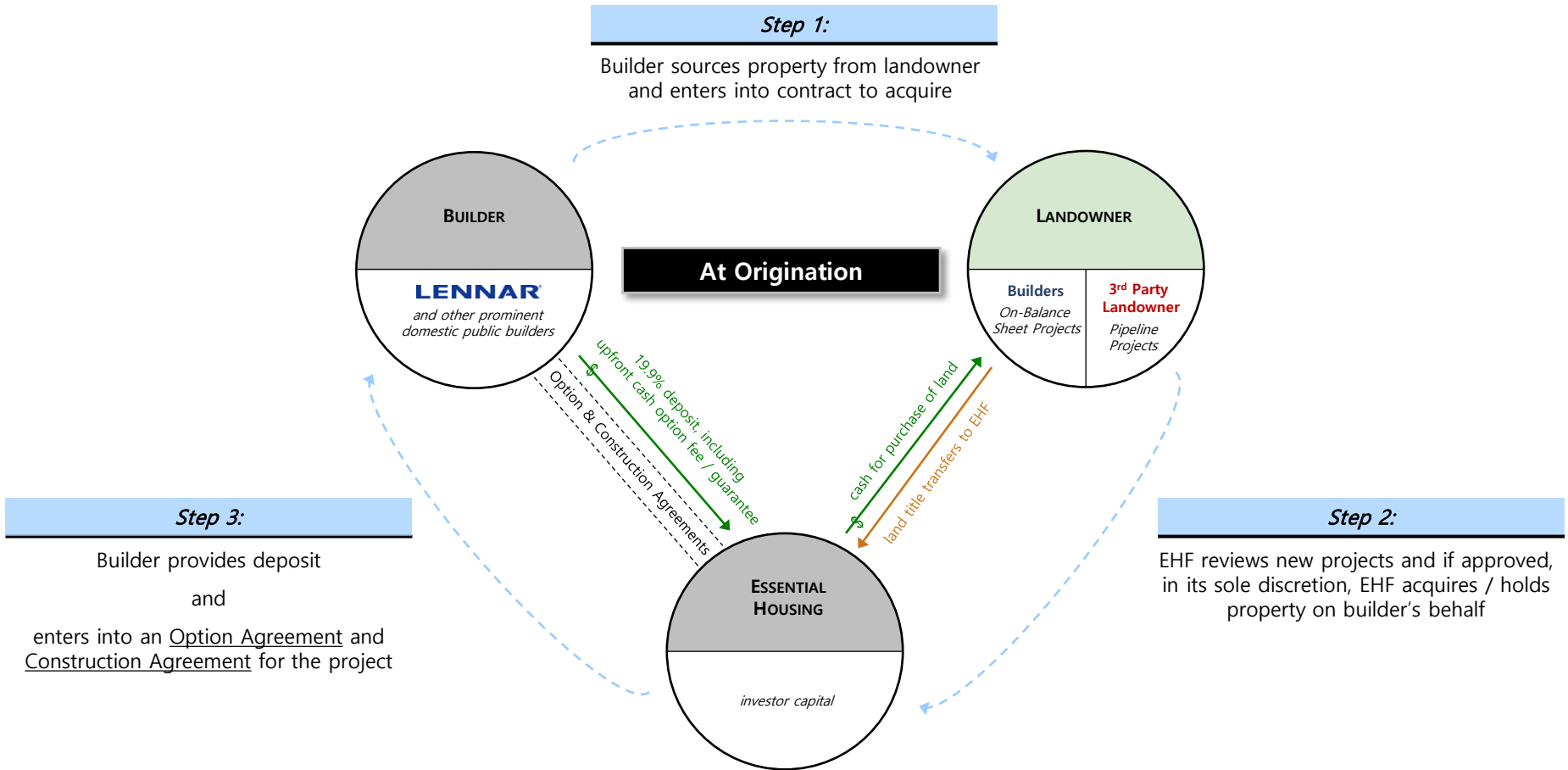
## Appendix

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# Landbanking Structure Overview

# Appendix

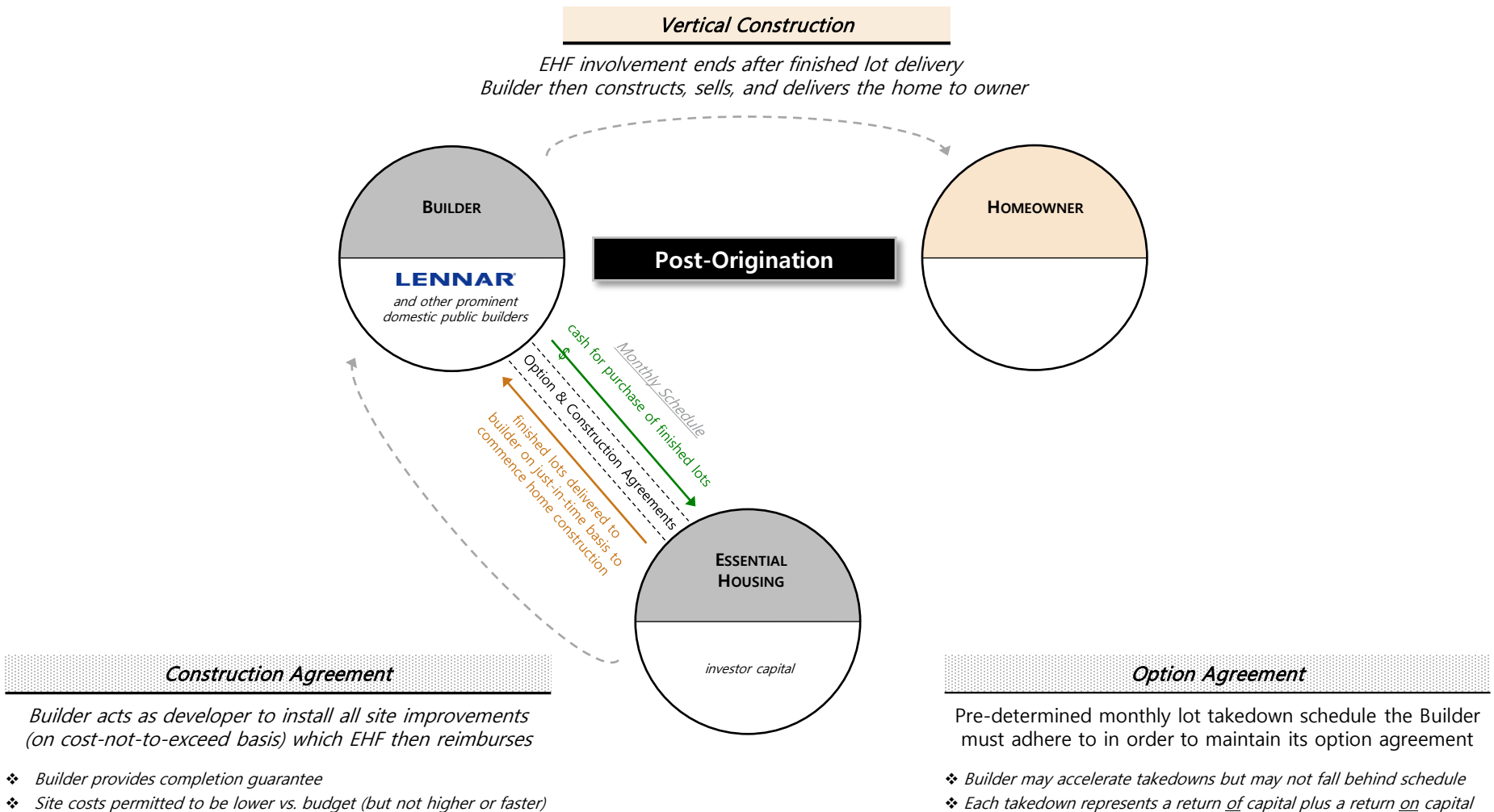
## Landbanking Structure Overview



Note: There is no guarantee that the investment objective will be successful or that losses can be avoided.

# Appendix

## Landbanking Structure Overview (cont'd)



Note: There is no guarantee that the investment objective will be successful or that losses can be avoided.



# Disclosures

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Undeveloped land and developed land are highly illiquid investments, and if any Homebuilder does not exercise its option to acquire any of the applicable properties, the Funds may not be able to dispose of such undeveloped or developed land when desired due to various changes in market conditions. There can be no assurance that Angelo Gordon will be able to locate and complete suitable investments that satisfy the Fund's objectives and that Angelo Gordon believes will provide performance commensurate with the Fund's targets. If Angelo Gordon does not locate suitable and compelling investment opportunities in which to deploy all of the Fund's capital, the Fund may not invest fully its committed capital which may result in an adverse effect on performance results. Investment opportunities may be appropriate for different investment vehicles or accounts managed by Angelo Gordon. 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Bloomberg Aggregate Bond Total Return Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Credit Suisse Leveraged Loan Index is a monthly rebalanced index designed to mirror the investable universe of the USD-denominated leveraged loan market. This index includes loan facilities rated "SB" or lower, i.e., the highest Moody's/S&P ratings are Baa1/BB+ or Ba1/BBB+, with the tenor being at least one year. Issuers from developed countries are included; issuers from developing countries are excluded. This index is composed of all fully funded term loan facilities trading in the syndicated loan market.

Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

The S&P 500 Index measures the performance of the large-cap segment of the market and is considered to be a proxy of the U.S. equity market. The S&P 500 Index is market capitalization-weighted and composed of common stocks of 500 constituent companies that have market capitalizations of at least \$5 billion.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The NASDAQ Composite TR Index includes reinvested cash dividends based on the members of the NASDAQ Composite index. The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

iShares U.S. Home Construction ETF is an exchange-traded fund located in the USA. The Fund seeks investment results that correspond generally to the price and yield performance of the Dow Jones US Select Home Builders Index.

# AUM Disclosure

After-tax Distributable Earnings ("After-tax DE") of TPG is a non-GAAP performance measure of our distributable earnings after reflecting the impact of income taxes. We use it to assess how income tax expense affects amounts available to be distributed to our Class A common stock holders and Common Unit holders. After-tax DE differs from GAAP net income computed in accordance with GAAP in that it does not include the items described in the definition of DE herein; however, unlike DE it does reflect the impact of income taxes. Income taxes, for purposes of determining After-tax DE, represent the total GAAP income tax expense adjusted to include only the current tax expense (benefit) calculated on GAAP net income before income tax and includes the current payable under our Tax Receivable Agreement, which is recorded within other liabilities in our consolidated statement of financial condition. Further, the current tax expense (benefit) utilized when determining After-tax DE reflects the benefit of deductions available to the Company on certain expense items that are excluded from the underlying calculation of DE, such as equity-based compensation charges. We believe that including the amount currently payable under the Tax Receivable Agreement and utilizing the current income tax expense (benefit), as described above, when determining After-tax DE is meaningful as it increases comparability between periods and more accurately reflects earnings that are available for distribution to shareholders.

Aggregate Net Investment Gains is inception-to-date presented on an aggregate basis for the respective portfolios based on gross trading profit and loss and asset-level performance excluding any cash and expenses, accruals or allocations for management fees, financing costs, fund-level operating expenses and performance incentives.

Assets Under Management ("AUM")

i. with respect to TPG prior to the Acquisition, represents the sum of:

- a) fair value of the investments and financial instruments held by our carry funds (including fund-level asset-related leverage), including our private equity and real estate funds, as well as related co-investment vehicles managed or advised by us, plus the capital that we are entitled to call from investors in those funds and vehicles, pursuant to the terms of their respective capital commitments, net of outstanding leverage associated with subscription-related credit facilities at our carry funds, and including capital commitments to funds that have yet to commence their investment periods;
- b) the gross amount of assets (including leverage where applicable) for our mortgage REIT and collateralized fundraising vehicles;
- c) the net asset value of our hedge funds; and
- d) IPO proceeds held in trust, excluding interest, as well as forward purchase agreements and proceeds associated with the private investment in public equity related to our Public SPACs upon the consummation of a business combination.

ii. with respect to Angelo Gordon and its policies in conjunction with the Acquisition, represents the sum of:

- a) the fair value of the investments and financial instruments held by the credit and real estate funds (including fund-level asset-related leverage), other than as described below, as well as related co-investment vehicles managed or advised by Angelo Gordon, plus the capital that the firm is entitled to call from investors in those funds and vehicles, pursuant to the terms of their respective capital commitments, net of outstanding leverage associated with subscription related credit facilities, and including capital commitments to funds that have yet to commence their investment periods;
- b) the gross amount of assets (including leverage where applicable) for real estate investment funds and BDCs; and
- c) the aggregate par amount of collateral assets, including principal cash, for the firm's collateralized loan obligation vehicles.

iii. with respect to TPG following consummation of the Acquisition, represents the sum of:

- a) fair value of the investments and financial instruments held by our private equity, credit, and real estate funds (including fund-level asset-related leverage), other than as described below, as well as related co-investment vehicles managed or advised by us, plus the capital that we are entitled to call from investors in those funds and vehicles, pursuant to the terms of their respective capital commitments, net of outstanding leverage associated with subscription related credit facilities, and including capital commitments to funds that have yet to commence their investment periods;
- b) the gross amount of assets (including leverage where applicable) for our real estate investment trusts and BDCs;
- c) the net asset value of certain of our hedge funds;
- d) the aggregate par amount of collateral assets, including principal cash, for our collateralized loan obligation vehicles; and
- e) IPO proceeds held in trust, excluding interest, as well as forward purchase agreements and proceeds associated with the private investment in public equity related to our Public SPACs upon the consummation of a business combination. None of the definitions of AUM above is based on any definition of AUM that may be set forth in the agreements governing the investment funds that we manage or calculated pursuant to any regulatory definitions.

AUM Not Yet Earning Fees for TPG AG represents the amount of capital commitments to TPG AG's funds and co-investment vehicles that has not yet been invested or considered active, and as this capital is invested or activated, the fee-paying portion will be included in FAUM (as defined below).

AUM Subject to Fee Earning Growth represents:

- i. with respect to TPG prior to the Acquisition, capital commitments that when deployed have the ability to grow our fees through earning new management fees (AUM Not Yet Earning Fees) or when capital is invested and management fees can be charged at a higher rate (FAUM Subject to Step-Up).
- ii. with respect to Angelo Gordon prior to the Acquisition, and TPG following consummation of the Acquisition, capital commitments that when deployed have the ability to grow the firm's fees through earning new management fees (AUM Not Yet Earning Fees) or when management fees can be charged at a higher rate as capital is invested or for certain funds as management fee rates increase during the life of a fund (FAUM Subject to Step-Up).

## AUM Disclosure (cont.)

Available Capital is:

- i. with respect to TPG prior to the Acquisition, the aggregate amount of unfunded capital commitments that partners have committed to our funds and co-invest vehicles to fund future investments, as well as IPO and forward purchase agreement proceeds associated with our Public SPACs, and private investment in public equity commitments by investors upon the consummation of a business combination associated with our Public SPACs. Available capital is reduced for investments completed using fund-level financing arrangements; however, it is not reduced for investments that we have committed to make yet remain unfunded at the reporting date.
- ii. with respect to Angelo Gordon prior to the Acquisition, the aggregate amount of unfunded capital commitments and recallable distributions that partners have committed to funds, and co-investment vehicles to fund future investments. Available capital is reduced for investments completed using fund level subscription related credit facilities; however, it is not reduced for investments that Angelo Gordon has committed to make yet remain unfunded at the reporting date.
- iii. with respect to TPG following consummation of the Acquisition, the aggregate amount of unfunded capital commitments and recallable distributions that partners have committed to our funds and co-investment vehicles to fund future investments, as well as IPO and forward purchase agreement proceeds associated with our Public SPACs, and private investment in public equity commitments by investors upon the consummation of a business combination associated with our Public SPACs. Available capital is reduced for investments completed using fund-level subscription related credit facilities; however, it is not reduced for investments that we have committed to make yet remain unfunded at the reporting date.

We believe this measure is useful to investors as it provides additional insight into the amount of capital that is available to our investment funds and co-investment vehicles to make future investments.

Capital Invested is:

- i. with respect to TPG prior to the Acquisition, the aggregate amount of capital invested during a given period by the firm's investment funds, co-investment vehicles and SPACs in conjunction with the completion of a business combination. It excludes hedge fund activity. Capital invested includes investments made using investment financing arrangements like credit facilities, as applicable.
- ii. with respect to Angelo Gordon prior to the Acquisition, the aggregate amount of capital invested during a given period by the firm's investment funds, co-investment vehicles and CLOs, as well as increases in gross assets of certain perpetual funds. Capital invested includes investments made using investment financing arrangements like credit facilities, as applicable.
- iii. with respect to TPG following consummation of the Acquisition, the aggregate amount of capital invested during a given period by our investment funds, co-investment vehicles, CLOs, and SPACs in conjunction with the completion of a business combination, as well as increases in gross assets of certain perpetual funds. It excludes hedge fund activity, but includes investments made using investment financing arrangements like credit facilities, as applicable.

We believe this measure is useful to investors as it measures capital deployment across the combined firm.

# Risk Factors

No assurance can be given that the investment objectives of AG Essential Housing Fund III, L.P. (the "Fund") will be achieved or that investors will receive a return of all or any part of their capital. The Fund is a high-risk investment vehicle with limited liquidity. Prospective investors in the Fund should carefully consider the risks involved in an investment and should review the Offering Documents of the Fund, including the confidential offering memorandum (as amended or supplemented from time to time) for information regarding such risks and potential conflicts of interest. Investors should understand these risks before making an investment and have the financial ability and willingness to accept them for an extended period of time. The list below is intended to highlight and summarize some of such risks, but is incomplete and is qualified in its entirety by the more detailed information in the Offering Documents. Among other factors, investors should be aware of the following:

- An investment in the Fund is speculative, involves a high degree of risk and requires a long-term commitment, with no certainty of return.
- The Fund's performance may be volatile and could result in substantial losses.
- The Fund will incur expenses (including management fees) which will offset the Fund's returns.
- The general partner's allocation of profits is not proportionate to the general partner's capital contribution to the Fund and may create an incentive for the general partner to make investments that are riskier or more speculative than would be the case in the absence of such a provision.
- Past performance is no guarantee of future results, and the performance of AG's other funds is not indicative of the results of the Fund.
- The Fund has not identified all of the particular investments it will make and may be unable to find attractive investment opportunities.
- The Fund will invest in relatively few opportunities and will not hold a diversified portfolio.
- The amount and frequency of distributions are solely within the discretion of the general partner. There can be no assurance that the Fund will make any distributions.
- The Fund may borrow funds to pay Fund expenses, make investments, make payments under guarantees or hedges, facilitate distributions and other purposes. To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, limited partners will make correspondingly later or smaller capital contributions. As a result, the use of borrowed funds at the Fund level can impact calculations of carried interest the general partner receives, as these calculations generally depend on the amount and timing of capital contributions. In addition, the Fund's use of borrowed funds at times will impact the calculation of certain performance metrics, such as IRR, that will be presented in the Fund's periodic reports.
- There will be no public market for certain of the Fund's investments, and such investments may be subject to additional transfer restrictions.
- The Fund expects to encounter competition from other entities having similar investment objectives.
- Interests in the Fund are subject to restrictions on transfer, including consent of the general partner, and have not been registered under the Securities Act of 1933. No secondary market for interests in the Fund exists and none is expected to develop.
- The Fund is not subject to the same regulatory requirements as mutual funds.
- The success of the Fund is substantially dependent on a limited number of other investment professionals. These investment professionals have significant responsibilities to other AG investment vehicles in addition to the Fund.
- The general partner has significant discretion in the management of the affairs of the Fund.
- The limited partners will have no opportunity to control the day-to-day operations of the Fund and will not have the opportunity to review relevant financial information regarding, or provided by, the Fund's portfolio companies.
- Extensive government regulation of certain industries in which the Fund may invest may create uncertainty and risks for the Fund.
- Our investment professionals may acquire confidential or material non-public information that may prevent the Fund from acquiring or disposing of assets it otherwise would have purchased or sold.
- Because the Fund intends to invest in underlying assets with significant leverage, investment returns will be especially vulnerable to adverse economic factors, such as a decrease in the availability of leverage on acceptable terms and rising interest rates.
- The Fund may make investments outside the United States. Such investments may be subject to risks such as economic and political instability, high rates of inflation, exchange rate risk, confiscatory taxation, nationalization or expropriation of assets and certain other risks not typically associated with investing in the United States.
- The Fund may co-invest with third-parties that may have different interests from the Fund or may be in a position to take actions contrary to the Fund's investment objectives.
- The Fund may invest using complex tax structures, and there may be delays in distributing important tax information to investors.
- The activities of private investment funds and their managers have been subject to intense and increasing regulatory oversight in recent years. Increased governmental scrutiny and regulatory oversight could adversely affect the Fund's ability to generate its targeted returns and may impose administrative burdens on the general partner that may divert its time, attention and resources from portfolio management activities.
- The relationships among the Fund, the General Partner, the Investment Manager, the limited partners, other AG Funds, the Fund's underlying assets and their respective affiliates will give rise to certain conflicts of interest, including those with respect to: allocation of investment opportunities and fees and expenses for broken deals among AG Funds; the ability of AG to form new funds or vehicles; allocation of co-investment opportunities; investments made by the Fund and other AG Funds in the same underlying asset; receipt of confidential or material non-public information; customized terms provided to certain investors in side letters, through separate accounts or otherwise; the diversity of the limited partners and the competing interests that arise as a result; strategic transactions by AG; and the interpretation of the limited partnership agreement and other relevant legal provisions. Please see the Offering Documents for more information about conflicts of interest and the risks they may present.