

# STONEPEAK INFRASTRUCTURE PARTNERS

RHODE ISLAND SIC PRESENTATION

27 SEPTEMBER 2017



STONEPEAK  
INFRASTRUCTURE PARTNERS

# Executive Summary

- We truly appreciate and take seriously the trust the State of Rhode Island placed in us for Fund II
- We strongly believe we have executed on our strategy for Fund II and have built an attractive portfolio of assets
- We believe that today we are better positioned than ever to execute upon our plans and deliver upon this consistent strategy for Fund III as a result of:
  - Continued investment in our team and our platform – increasing the size of our investment team from 13 during the Fund II raise to 25 today
  - Balanced activity across all sectors – with investments executed across all five target sectors in Funds I and II
  - Robust and well-diversified deal pipeline strongly supportive of and consistent with our existing investment strategy
- We look forward to building upon our relationship and we hope to continue our strong partnership with the State of Rhode Island going into Fund III
- As always, we place tremendous value on your input and feedback

# Stonepeak Overview

**Independent, North American-focused infrastructure investment firm with more than \$7bn in AUM<sup>1</sup>**

## Firm Overview

- Founded in 2011 by Michael Dorrell and Trent Vichie
- Founders previously worked together at Blackstone and Macquarie
- Independent manager - wholly-owned by Stonepeak team
- Team of 40 people plus 10 operating partners/senior advisors
- Offices in New York City (headquarters) and Houston

## Investment Philosophy

- Pure-play North American diversified infrastructure strategy
- Overriding focus on downside protection and disciplined value-orientation
- Countercyclical and opportunistic approach to target markets
- Focus on quality – assets, partners, people, principles

## Funds Managed

- Stonepeak Infrastructure Fund LP (\$1.65bn; 2012)
  - Fully committed or reserved for investments<sup>2</sup>
- Stonepeak Infrastructure Fund II LP (\$3.5bn; 2015)
  - Approximately 84% committed or reserved to-date<sup>3</sup>
- 55 total distinct investors from 12 countries across both funds

## Investment History

- Total of 15 investments to-date across Fund I and Fund II<sup>3</sup>
- \$4.1bn total equity committed to investments by Fund I and II<sup>3</sup>
- Approximately \$2.0bn of total co-investment opportunities generated<sup>3</sup>
- Target portfolio returns: 15% / 12% (gross / net IRR) and 6% / 4% (gross / net cash yield)<sup>4</sup>
  - Fund I and Fund II both tracking meaningfully above target IRRs<sup>5</sup>

## SYSTEMATIC MACRO-DRIVEN ORIGINATION COMBINED WITH OUTSTANDING, DISCIPLINED DEAL EXECUTION

Note: All figures are as of 6/30/17, unless otherwise noted. Stonepeak Infrastructure Fund LP, together with its related entities, is referred to herein as "Fund I". Stonepeak Infrastructure Fund II LP, together with its related entities, is referred to herein as "Fund II". Stonepeak Infrastructure Fund III LP, together with its related entities, is referred to herein as the "Fund" or "Fund III".

- 1) Stonepeak's assets under management ("AUM") calculation is determined by taking into account the unfunded commitments of any funds (including co-invest vehicles) managed by Stonepeak, plus the gross asset value of such funds and co-invest vehicles, plus any feeder fund level cash with respect to each of the funds (including co-invest vehicles) managed by Stonepeak.
- 2) Although the Fund I investment period has not yet been terminated, we believe that Fund I is effectively fully invested when taking into account Fund I's capital commitments that have been drawn down, committed and/or reserved for investments. While Fund I's investment period remains open to enable Fund I to complete its remaining investments and to fund additional capital into existing deals in accordance with Stonepeak's capital deployment plan for each investment, Stonepeak does not currently intend that Fund I will participate in "new" investments going forward. However, in the event additional available capital becomes available in Fund I, Stonepeak reserves the right to allocate deals to Fund I in accordance with the amended and restated limited partnership agreement of Fund I.
- 3) On 3/20/17, Fund II committed \$828 million to the acquisition of Cologix, which was later reduced to \$588million following an LP co-investment sell-down process completed on 5/19/17. Inclusive of additional growth capital, Fund II's total commitment to Cologix is expected to be \$773 million. Further LP co-investment sell-down is expected but there can be no assurance that this co-investment will be consummated and if consummated that it will be on terms agreed.
- 4) Target returns and cash yield are hypothetical, not a guarantee or prediction of performance, and are based on a variety of assumptions made by Stonepeak, which are subject to a variety of risks and uncertainties that may adversely affect performance. Target returns for individual investments may be either greater or less than the target returns shown above. Please see the "Important Information" at the end of this presentation and the final confidential private placement memorandum of the applicable Fund for additional information.
- 5) There can be no assurance that this trend will continue.



# Target Sector Overview

## Power, Renewables, & Utilities



### Stonepeak Team

#### **Sector Lead:**

- Michael Allison  
(Managing Director)

#### **Operating Partners:**

- Jeff Myers
- Jim Rogers

### Key Sector Trends

- Cost of solar increasingly competitive with gas-fired generation
- Need to solve renewables intermittency – energy storage?
- Distributed generation business models maturing, posing a threat to traditional utility business model
- Investment in transmission and distribution likely required to accommodate two-way distribution and grid management
- Significant uncertainty in merchant power prices due to continued rapid expansion of renewables and abundant cheap natural gas
- Low-cost fossil-fueled generation still vital to grid reliability

## Midstream



### Stonepeak Team

#### **Sector Lead:**

- Jack Howell (Senior MD)

#### **Operating Partners:**

- Forrest Wylie
- Scott Hobbs
- Tom Buchanan

### Key Sector Trends

- Focus on critical, core assets in the midstream and LNG sectors
- Financial distress from prolonged low energy price environment
- In midstream, strong deal flow and higher barriers to entry for M&A
- In LNG, increasingly global market, growth in FSRUs, environmental tailwinds

Note: There can be no assurance that the sector trends shown above will continue, and there can be no assurance that the opportunities identified herein will materialize or if they do, that they will generate returns for Stonepeak. "Operating Partners" and "Senior Advisors" are not employees or affiliates of Stonepeak. For additional information, please see the "Important Information" at the end of this presentation.

# Target Sector Overview

## Communications



### Stonepeak Team

#### Sector Lead:

- Brian McMullen  
(Managing Director)

#### Operating Partners:

- Bill Fathers
- David Tolley (Sr. Advisor)

### Key Sector Trends

- High-growth sector – levered to smartphone penetration and significant increases in data demand
- High level of M&A activity and valuations – multiples >20x EV/EBITDA
- Opportunities in towers, nodes, data centers, fiber

## Water



### Stonepeak Team

#### Sector Lead:

- Brian McMullen  
(Managing Director)

### Key Sector Trends

- Fragmented industry of municipally-owned and private assets
- Emerging impacts of historical under-investment (e.g., Flint, MI)
- Increasing environmental requirements and climate change impacts
- Opportunities in desalination, sector aggregation, water efficiency, PPPs

## Transport



### Stonepeak Team

#### Sector Lead:

- Luke Taylor (Senior MD)

#### Operating Partners:

- Mark Rosner (Sr. Advisor)

### Key Sector Trends










- High level of activity and valuations – multiples >25x EV / EBITDA
- Technology disruption may create opportunities – driver-less cars, fuel efficiency
- Rail opportunities from transition away from costly road freight

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# Stonepeak Portfolio Overview: Fund I

## Market conditions dictated a “build-over-buy” bias

- Fund I Size: \$1.65bn
- Fully invested or reserved for investments as of early 2016
- Diversified portfolio of nine investments in five sub-sectors
- Primarily directly sourced deals through Stonepeak relationships
- We believe the portfolio has strong capital protection attributes through contracted cash flow coverage and preferred capital positions

Investment	 NorthStar RENEWABLE POWER	 TIDEWATER TRANSPORTATION & TRADING	 THE CDR-6000 Desalination Project Enhancing Water Availability for San Diego County	 CCR COMMON RAIL	 PARADIGM ENERGY PARTNERS, LLC	 verticalbridge	 extenet SYSTEMS	 SANCHEZ MIDSTREAM PARTNERS	 PLAINS ALL AMERICAN PIPELINE, L.P.	Total Fund I
Initial Inv. Date	August 2012	December 2012	December 2012	October 2013	March 2014	November 2014	November 2015	October 2015	January 2016	Fully committed over 3.5 years
Status	Realized (Aug 2014)	Active, Operating	Active, Partially Realized	Realized (Oct 2015)	Active, Operating	Active, Operating	Active, Operating	Active, Operating	Active, Operating	Two full and one partial realization
Asset Classification <sup>1</sup>	Core	Value-Add	Core	Core Plus	Core Plus	Core Plus	Core Plus	Core Plus	Core Plus	Primarily core / core plus
Exclusively Sourced	✓	Limited Process	✓	✓	✓	✓	Limited Process	✓	✓	7 of 9 exclusively sourced (78%)
Sector	Power, Renewables, & Utilities	Transport	Water	Transport	Midstream	Comms	Comms	Midstream	Midstream	Diversified exposure across 5 sectors
LP Co-investment			✓				✓	✓		3 co-investments offered to LPs
Fund I Equity Commitment <sup>3</sup>	\$11m	\$120m	\$108m	\$64m	\$350m	\$150m	\$247m	\$344m	\$101m <sup>2</sup>	\$1.5 billion (fully committed and reserved)
Gross IRR <sup>4</sup>										19.6% gross / 12.8% net IRR
Gross MOIC <sup>4</sup>										1.4x gross / 1.3x net MOIC

**STRONG, STABILIZED PERFORMANCE WITH MAJORITY OF INVESTMENTS TRACKING AT OR ABOVE BASE CASE**

Note: All figures are as of 6/30/17, unless otherwise noted. Past performance is not indicative of future results.

1) Asset classifications reflect Stonepeak's internal view of the classification of infrastructure assets.

2) Fund I and Fund II invested in this asset.

3) Fund I Equity Commitment reflects the total amount of equity capital committed by Fund I to the particular portfolio company based on underwriting at the time such investment was made (as updated from time to time), to be invested as required and/or when certain precedent conditions are met. This is not an amount that Fund I is necessarily obligated to invest, but is rather an estimate of how much Stonepeak anticipates Fund I investing over the life of Fund I's ownership of that particular portfolio company.








4) Past or projected performance is not necessarily indicative of future results and there can be no assurance that such returns will be achieved, that any other fund, vehicle or account sponsored by Stonepeak (each, a "Fund") will achieve comparable results or that any other Fund will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. The rows titled "Gross IRR" and "Gross MOIC" describe internal rate of return or multiple of invested capital, respectively, calculated at the investment-level on a "gross" basis without deduction for expenses, fees, carried interest and other amounts. For additional information on the performance information contained in the table above, including the calculation of Gross IRRs, Net IRRs, Gross MOICs and Net MOICs and certain assumptions related thereto, please see "Important Information" at the end of this presentation.



# Stonepeak Portfolio Overview: Fund II

## MLP market dislocation during 1H16 led to ‘once-in-a-cycle’ valuations, which Stonepeak exploited through preferred equity positions in what we view as high quality MLPs

- Fund II Size: \$3.5bn
- Investment Period: 2016-
- 84% committed and reserved<sup>1</sup>
- Diversified portfolio of 7 investments across 4 sub-sectors to date
- Primarily directly sourced through Stonepeak relationships
- Opportunistic focus on midstream energy in 1H 2016 market dislocations
- Strategic diversification of Fund II portfolio with recent exposure to utilities, transportation, power, and communications sub-sectors
- Discretionary co-investment sidecar commitment by the State of Rhode Island to enhance direct exposure to Fund II investments

Investment								Total Fund II
Initial Inv. Date	January 2016	March 2016	May 2016	August 2016	September 2016	December 2016	March 2017 <sup>1</sup>	Year two of investment period
Status	Active, Operating	Active, Partially Realized	Active, Operating	Active, Operating	Active, Operating	Active, Operating	Active, Operating	One partial realization
Asset Classification <sup>2</sup>	Core Plus	Core Plus	Core Plus	Core Plus	Core	Core Plus	Value-Add	Primarily core / core plus
Exclusively Sourced	✓	✓	✓	✓	✓	Limited Process	Limited Process	5 of 7 exclusively sourced (71%)
Sector	Midstream	Midstream	Midstream	Transport + Power	Power, Renewables, & Utilities	Power, Renewables, & Utilities	Communications	Diversified exposure across 4 sectors
LP Co-investment		✓	✓				✓	3 co-investments offered to LPs
Fund II Equity Commitment <sup>4</sup>	\$41m <sup>3</sup>	\$437m	\$440m	\$292m	\$135m	\$487m	\$773m <sup>1</sup>	\$2.6 billion (84% committed and reserved)
Gross IRR <sup>5</sup>								29.2% gross / 20.3% net IRR
Gross MOIC <sup>5</sup>								1.2x gross / 1.2x net MOIC

**WE BELIEVE ONE OF STONEPEAK'S DIFFERENTIATING FACTORS IS OUR EFFECTIVENESS IN EXECUTING ON INVESTMENT THEMES THAT HAVE BEEN IDENTIFIED BY FUNDAMENTAL SECTOR RESEARCH**

This figure is artificially high due to the short hold period to-date and will reduce over time.

Note: All figures are as of 6/30/17, unless otherwise noted. Past performance is not indicative of future results.

1) On 3/20/17, Fund II committed \$828 million to the acquisition of Cologix, which was later reduced to \$588million following an LP co-investment sell-down process completed on 5/19/17. Inclusive of additional growth capital, Fund II's total commitment to Cologix is expected to be \$773 million. Further LP co-investment sell-down is expected but there can be no assurance that this co-investment will be consummated and if consummated that it will be on terms agreed.

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# Our Key Differentiators



WE BELIEVE OUR DIFFERENTIATED STRATEGY DRIVES CONSISTENT AND REPEATABLE INVESTMENT RETURNS

# Key Differentiator: Stonepeak Team

## SENIOR MANAGEMENT

	<b>Michael Dorrell</b> Co-Founder & Senior MD Blackstone, Macquarie		<b>Trent Vichie</b> Co-Founder & Senior MD Blackstone, Macquarie		<b>Luke Taylor</b> Senior MD – Transport Macquarie		<b>Jack Howell</b> Senior MD – Midstream Davidson Kempner, Denham
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## INVESTMENT (25)

	<b>Michael Allison</b> Managing Director – Power, Renew., & Utilities Macquarie		<b>Brian McMullen</b> Managing Director – Communications; Water HIG, CSFB		<b>Ryan Roberge</b> Principal King Street, TPG		<b>Daniel Schmitz</b> Principal JP Morgan, IBM
	<b>George Watts</b> Principal JP Morgan, Wyper Capital, CD&R		<b>Scott Robertson</b> Principal Paulson & Co, Soros Funds Management		<b>James Wyper</b> Principal Credit Suisse		<b>Emily Goergen</b> Vice President KKR, Blackstone
	<b>Hoshnav Patel</b> Vice President EIG, JP Morgan		<b>Caroline McGeough</b> Vice President Energy Capital Partners, JP Morgan		<b>Cyrus Gentry</b> Vice President BC Partners, Advent International, JP Morgan		<b>Karly Wentz</b> Associate Morgan Stanley
	<b>Ben Judson</b> Associate Credit Suisse		<b>Petros Lekakakis</b> Associate UBS		<b>William Schleier</b> Associate Citi		<b>Nick Hertlein</b> Associate Credit Suisse
	<b>Michael Bricker</b> Associate First Reserve Citi		<b>Andrew Thomas</b> Associate Pacific Equity Partners, McKinsey		<b>Jamie Brown</b> Associate Deutsche Bank		<b>Daniel Raubolt</b> Associate JP Morgan
							<b>Priyanka Duvvuru</b> Analyst Clean Line Energy Partners

## OPERATIONS / IR (9)

	<b>Peter Bruce</b> CFO/COO Macquarie
	<b>Paul Minton</b> Chief Accounting Officer Blackstone, Apollo, PwC
	<b>Steve Mlynar</b> VP, Finance Apollo, Deloitte
	<b>Adrienne Saunders</b> GC & CCO Babcock & Brown, Simpson Thacher
	<b>Saira Khan</b> Deputy GC Blackstone, White & Case
	<b>Zachary Zangl</b> Senior Compliance Officer Czech Asset Mgmt., Apax
	<b>Brenden Woods</b> Managing Director, Investor Relations Macquarie, StepStone
	<b>Peng Li</b> Principal, Investor Relations Rosewood, Alinda
	<b>Joni Sciascia</b> Head of Administration Russell Investments Babcock & Brown

## OPERATING PARTNERS AND SENIOR ADVISORS<sup>2</sup> (10 TOTAL)

	<b>Jeff Myers</b> Power, Renew., & Utilities 30 years experience Co-founder and former Chairman and CEO of Pristine Power Inc.		<b>Bill Fathers</b> Communications 20 years experience Former President of Savvis, EVP at VMWare, and Director of Telx		<b>John Trani</b> Operations 40 years experience Former GE senior executive with CEO experience across multiple businesses		<b>Denis Hughes</b> Gov't Relations 40 years experience Former President of the NY AFL-CIO, Chairman of the Federal Reserve Bank of NY		<b>Forrest Wylie</b> Midstream 25 years experience Former CEO and Chairman of Buckeye; Co-Founder of NuCoastal Energy
	<b>Scott Hobbs</b> Midstream 35 years experience Former Director of Buckeye and SunCoke, COO of Coastal, and CEO of CIG Resources		<b>Jim Rogers</b> Power, Renew., & Utilities 35 years experience Former CEO of Duke Energy, Board Member of Inveneyo		<b>Tom Buchanan</b> Midstream 35 years experience Former CEO of Provident Energy Trust and Board Member of Pembina Pipelines		<b>David Tolley</b> Communications (Senior Advisor) 25 years experience Former Blackstone and Director of numerous communications firms		<b>Mark Rosner</b> Transportation (Senior Advisor) 25 years experience Former Director of PPPs at BNSF

## INDUSTRIAL SPECIALISTS<sup>1</sup> (4 TOTAL)

	<b>Jon Dietrich</b> Desalination Operations Engaged on Carlsbad 29 years experience AECOM, Telesto Consulting		<b>Pedro Litsek</b> Brazilian Power Engaged on Golar 27 years experience CPFL Energia, Eneva, MPX Energia		<b>John Steen</b> Midstream Engaged on Paradigm Formerly Energy Transfer Registry, Louis Dreyfus		<b>Jerry Porter</b> Water Facility Construction Engaged on Carlsbad 42 years experience HNTB, Kiewit Corporation
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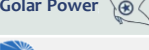

Industrial Specialists are full time specialist executives who report directly to Stonepeak who have been used to monitor certain processes or augment management teams.



<sup>1</sup> "Operating Partners", "Senior Advisors", and "Industrial Specialists" are not employees or affiliates of Stonepeak. For additional information, please see the "Important Information" at the end of this presentation.

# Key Differentiator: Pervasive Culture of Off-the-Run Sourcing

## 15 Fund I and II investments sourced by 8 different investment team members

Fund I and Fund II Investment Sourcing					
	Relationship -Driven	Thematic Research	Early Engagement	Execution / Reputation	Result
 NorthStar RENEWABLE POWER	✓	✓	✓		Exclusive
 TIDEWATER TRANSPORTATION & TERMINALS					Limited Auction
 THE CALIFORNIA Desalination Project <small>Enhancing Water Resilience for San Diego County</small>	✓		✓		Exclusive
 CCR	✓		✓		Exclusive
 PARADIGM ENERGY PARTNERS, LLC	✓	✓	✓		Exclusive
 verticalbridge	✓	✓	✓		Exclusive
 exTeneT SYSTEMS	✓	✓			Limited Auction
 SANCHEZ PRODUCTION PARTNERS	✓	✓	✓		Exclusive
 PLAINS ALL-AMERICAN PIPELINE, LP	✓	✓	✓		Exclusive
 TARGA	✓	✓	✓	✓	Exclusive
 MPLX	✓	✓	✓	✓	Exclusive
 IRONCLAD ENERGY	✓		✓		Exclusive
 Golar Power		✓	✓	✓	Exclusive
 Dominion MIDSTREAM PARTNERS	✓	✓	✓	✓	Limited Auction
 cologix		✓		✓	Limited Auction
15 Total Investments	Total: 12 (80%)	Total: 11 (73%)	Total: 12 (80%)	Total: 5 (33%)	11 Exclusively Sourced (73%)

## Key Themes Highlights

- Early engagement with management teams during development phase allowed Stonepeak to build high-quality core / core-plus assets at cost vs. buying operating assets in a high-priced environment
- Identified massive secular growth trends in data-usage and resulting opportunities for build-out of critical communications infrastructure assets / expansion of existing networks
- Macro-awareness of global energy dynamics allowed anticipation of MLP dislocation months in advance
- Identified high-quality partners and utilized existing industry relationships to approach early in the cycle
- Leveraged growing reputation / market awareness to further differentiate Stonepeak despite increasingly competitive environment
- Recognized opportunity to exploit MLP market related weakness to gain non-midstream sector exposure (transport, power, and regulated utilities)

# Key Differentiator:

## Paramount Focus on Downside Protection

### Non-Negotiable Characteristics

#### Critical Assets with High Barriers to Entry

- ✓ **Long-lived, hard-asset** infrastructure businesses
- ✓ Provides **essential services** to customers
- ✓ Strategic, regulatory, or market positioning **barriers to entry**
- ✓ **Low technological / obsolescence risk**

#### Predictable and Stable Cash Flow

- ✓ **Long-term contracted revenue stream** with credit-worthy counterparties
- ✓ Use of long-term operations and maintenance contracts, fixed price debt, etc. to lock in cost structure where possible

#### Avoid Speculative or Volatile Businesses

- ✗ **Limited direct commodity price exposure** / reliance on “merchant” revenues
- ✗ **No material capital at risk in development phase**
- ✗ Limit exposure to binary contract renewal or non-creditworthy counterparty risk

### Structuring Considerations

#### Prudent Use of Leverage

- **Conservative debt capitalization**, tailored to fit the underlying cash flow profile of the asset
- Fund I and II portfolios employ an average of <40% debt capitalization
- Strong preference for longer-tenor, fixed rate debt, mitigating potential interest rate risk

#### Inflation Linkage

- Utilization of CPI-linked contractual revenue escalators where possible
- Focus on **assets with long-term pricing power**
- Preference for **businesses with strong underlying or secular growth characteristics**

#### Structural Enhancements

- ~70% of aggregate Fund I and II capital invested as preferred equity, providing structural seniority and additional **insulation against operational or financial risks**
- Seek to utilize reset **or recalibration mechanisms to shift key binary risks on to partners/counterparties**

COMBINATION OF ADHERENCE TO TRADITIONAL, LOW-RISK INFRASTRUCTURE ASSETS, CONSERVATIVE USE OF LEVERAGE, AND STRUCTURAL ENHANCEMENTS HAVE CONTRIBUTED TO STRONG DOWNSIDE PROTECTION ACROSS BOTH FUND I AND FUND II PORTFOLIOS

# Key Differentiator: Tangible Value-Add

**Stonepeak's team and Operating Partners / Senior Advisors bring a multi-faceted toolkit to enhance portfolio company value**

## Operational Enhancements

Getting more leverage from existing assets / customer relationships



- Introduced new ethanol backhaul service and customer pricing rationalization initiatives, driving significant revenue increases
- Reduced fuel usage through more efficient equipment dispatch
- Significantly cut insurance costs
- Accretively renewed equipment leases



- Introduced new data-driven sales analytics and implemented enhanced business development tools to drive greater new sales bookings / activations

## IRONCLAD

- Renegotiated and amended the core revenue contract with all existing customers, eliminating cash flow "cliff"
- Launched joint marketing initiative with Kodak to expand customer base at the business park

## Asset Construction / Expansion

Execution key in realizing the potential value of building new assets at cost



- Completed construction and placed in service three significant, distinct crude oil gathering, storage, and transportation systems representing an aggregate ~240 miles of operating pipeline strategically located in the Bakken and Eagle Ford basins



- Managed three-year, \$1.0bn construction process, including all project change orders and start-up and commissioning work, establishing stable commercial operations in early 2016



- Achieved FID on 1.5 GW gas-fired Sergipe Power Plant, executing lump-sum, turnkey EPC contract with GE
- Signed 25-year tolling agreement for Golar Nanook to serve Sergipe power plant

## Management Team Initiatives

Identifying, empowering, and augmenting top quality management



- Identified need to replace existing management during due diligence and installed new CEO and CFO in mid-2013
- Overhauled operations and culture of the business, instituting proactive, energized, and growth-oriented culture throughout broader team



- Selectively upgraded leadership in finance function and led implementation of new processes and enhanced reporting

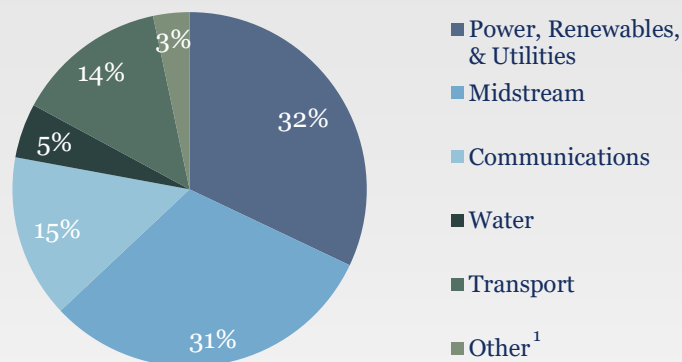


- Collaborated with management in analyzing and evaluating \$100mm++ in executed drop-down acquisitions in 2016
- Actively identified and engaged on new business development opportunities in the Eagle Ford shale in South Texas

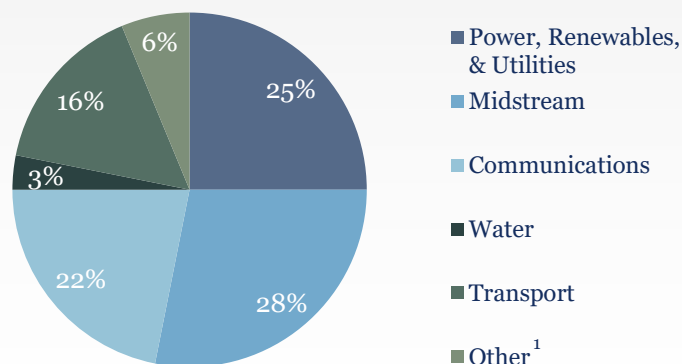
# Key Differentiator: Balanced and Well-Diversified Sector Exposure

## Stonepeak Deal Flow by Sector

### Fund II opportunity NDAs signed by industry

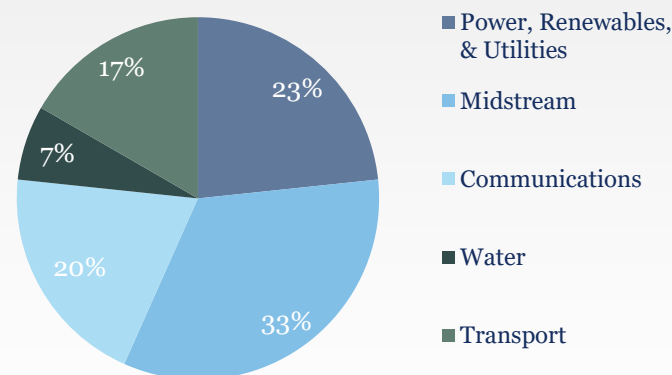


### Fund II Review Committee Meetings held by industry



## Portfolio Diversification<sup>2</sup>

- Stonepeak is uniquely positioned as a pure-play North American, diversified infrastructure investor
- While Stonepeak takes an opportunistic approach to uncovering value within / across our target sectors at any given time, we maintain an unwavering commitment to our investors to construct a well-balanced, strongly diversified portfolio



\* Represents # of total Fund I and II deals by sector

**WE HAVE LEVERAGED STRONG DEAL FLOW AND EFFICIENT EXECUTION TO DELIVER  
A BALANCED PORTFOLIO TO OUR FUND I AND II INVESTORS**

Note: All figures are as of March 2017 unless otherwise noted.

1) "Other" includes waste, mineral processing, lighting, and concession retail.

2) Includes nine Fund I investments and seven Fund II investments (accounting for Plains All American as a joint investment of Fund I and II). On 3/20/17, Fund II committed \$828 million to the acquisition of Cologix, which was later reduced to \$588million following an LP co-investment sell-down process completed on 5/19/17. Inclusive of additional growth capital, Fund II's total commitment to Cologix is expected to be \$773 million. Further LP co-investment sell-down is expected but there can be no assurance that this co-investment will be consummated and if consummated that it will be on terms agreed.

# Fund I Investment

## ExteNet Systems



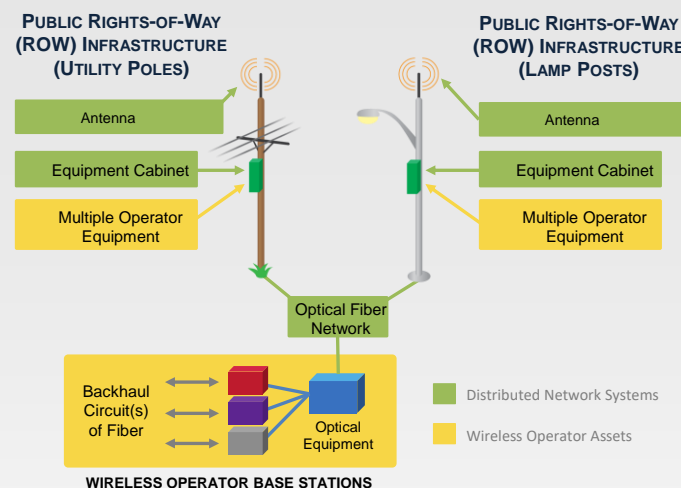
### INVESTMENT OVERVIEW

<b>Date of Initial Investment</b>	November 2015
<b>Location</b>	Lisle, Illinois (HQ)
<b>Status</b>	Active, Operating
<b>Sector</b>	Communications
<b>Commitment<sup>1</sup></b>	\$247mm

### TRANSACTION & BUSINESS OVERVIEW

- Privately-held owner and operator of Distributed Network Systems (“DNS”) and other wireless communication infrastructure
- The ExteNet team has a strong track record, having successfully built the #2 market position in both the outdoor and indoor DNS markets
- We believe DNS are a complement to macro tower networks for certain use cases: high demand, poor penetration, precise signal control or coverage requirements, restrictions preventing tower proximity
- Key examples include:
  - Dense urban or suburban environments
  - Large indoor facilities (e.g. commercial buildings, healthcare facilities)
  - Venues with large peak demand (e.g. stadiums, transportation hubs)

### OUTDOOR DNS ILLUSTRATION



Similar to towers, DNS provide cellular network coverage. DNS typically consist of a fiber network that connects a collection of smaller nodes (antennas) that are located on utility/municipal equipment for outdoor deployments and within buildings for indoor deployments.

### INVESTMENT PERFORMANCE

- ✓ Since Stonepeak’s investment, ExteNet has grown to become the largest private DNS provider in the U.S and Canada and has successfully established the #2 position in both the indoor and outdoor markets
  - In 2016, ExteNet acquired and successfully integrated TPI, boosting its indoor segment capabilities and adding marquee venues to its network like Madison Square Garden, the LA Forum and Cowboys Stadium
- ✓ Advancing device and network capabilities (LTE, smartphones/tablets, video streaming), increasing device penetration and rapidly accelerating data usage (50% p.a.) have led to tremendous strain on carrier networks
  - The DNS market is forecast to increase to ~\$1.8bn in annual recurring revenue by 2020 (~3x current level)
- ✓ Stonepeak has added Senior Advisor David Tolley to the board

<sup>1)</sup> Commitment reflects the total amount of equity capital committed by Fund I to the particular portfolio company based on underwriting at the time such investment was made (as updated from time to time), to be invested as required and/or when certain precedent conditions are met. This is not an amount that Fund I is necessarily obligated to invest, but is rather an estimate of how much Stonepeak anticipates Fund I investing over the life of Fund I's ownership of that particular portfolio company.

# Fund II Investment

## Ironclad Energy



### INVESTMENT OVERVIEW

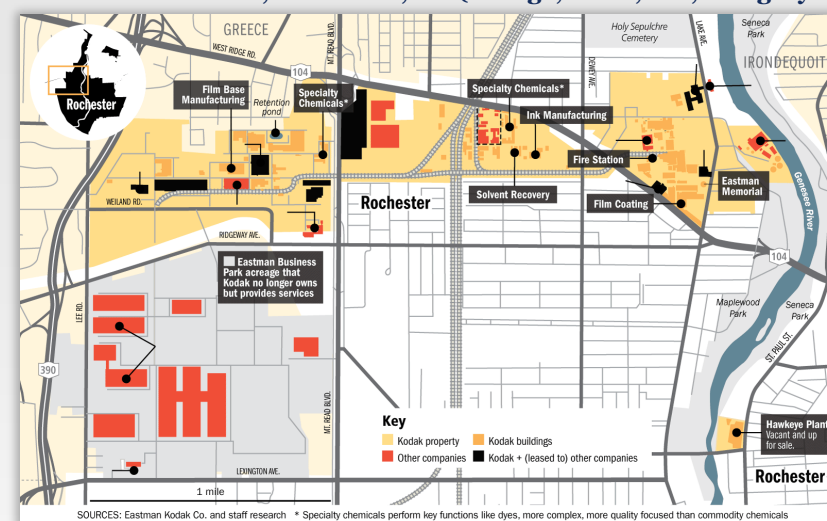
<b>Date of Initial Investment</b>	September 2016
<b>Location</b>	Rochester, NY
<b>Status</b>	Active, Operating
<b>Sector</b>	Power, Renewables, & Utilities
<b>Commitment<sup>1</sup></b>	\$135mm

### TRANSACTION & BUSINESS OVERVIEW

- On June 17, 2016, Stonepeak signed an agreement to commit up to \$135mm to Ironclad Energy (“Ironclad”), a new utility and power generation platform
  - On September 21, 2016, Ironclad made its first investment, with the acquisition of a portfolio of four assets from Recycled Energy Development (“RED”), comprising the Eastman Business Park district energy system (“RED Rochester”) in Rochester, New York, as well as three small combined heat and power (“CHP”) assets
- The Eastman Business Park district energy system provides 14 utility services to 63 captive industrial and commercial customers in Rochester, NY
  - As part of the acquisition, Ironclad committed \$80mm to fund the conversion of the plant from coal to natural gas boilers in order to be compliant with the EPA’s Boiler Maximum Achievable Control Technology (“MACT”) regulations
  - The conversion from coal to natural gas, in addition to the environmental benefits, is expected to enhance margins, and improved reliability will facilitate the sale of capacity into the New York power market
  - Most customers are under long-term contracts (20 to 45 years at Eastman Business Park), with 48% of 2015 revenue contributed by Kodak

### EASTMAN BUSINESS PARK MAP

Eastman Business Park, Rochester, NY (orange, black, red, and gray sections)



### INVESTMENT PERFORMANCE

- A key thesis to value creation at RED is the conversion of existing coal boilers to higher-efficiency natural gas boilers. Ironclad management has finalized all contracts, reached all permitting milestones and commenced construction in October 2016.
  - As of June 2017, all four new boilers have been delivered onsite, and construction continues to progress on time and within budget
- Prior to investment, Stonepeak restructured the RED Rochester customer contract to facilitate upfront and ongoing sharing of operating income with customers, replacing the equal sharing mechanism which was set to kick in post-2020
- Stonepeak and Ironclad are continuing efforts to increase demand for utilities services and expand the customer base at Eastman Business Park
- Stonepeak and Ironclad continue to work collaboratively to identify and fund accretive bolt-on investment opportunities to the platform

<sup>1</sup>) Commitment reflects the total amount of equity capital committed by Fund II to the particular portfolio company based on underwriting at the time such investment was made (as updated from time to time), to be invested as required and/or when certain precedent conditions are met. This is not an amount that Fund II is necessarily obligated to invest, but is rather an estimate of how much Stonepeak anticipates Fund II investing over the life of Fund II's ownership of that particular portfolio company.

# Looking Ahead

## *Anticipated Themes for Fund III*

**For Fund III, Stonepeak expects to continue the strategy employed across Fund I and Fund II, with appropriate sensitivity to changing macro-economic conditions and several emerging infrastructure themes**

### **First and Foremost: More of the Same** *Pure-Play North-American, Diversified, Middle-Market Infrastructure Investing*

#### **Continue employing successful Fund I and Fund II formula**

- ✓ Diversified sector investing
- ✓ Emphasis on “off-the-run” origination
- ✓ Downside protection paramount
- ✓ Deals with significant upside optionality

#### **As infrastructure market continues to be expensive:**

- ✓ Prioritize sub-sectors with secular growth
- ✓ Emphasize operational improvement
- ✓ Seek opportunities for organic growth / platform build-out
- ✗ De-emphasize auctions – “race to the bottom” on yield



#### **Changing Macroeconomic Environment**

- Rising domestic interest rates and likely impact on asset valuations
- Financial markets are at historically high levels, which causes Stonepeak to be more cautious
- Significant chance of a recession / correction during the Fund II investment period (8 years of economic expansion and counting)
- Greater uncertainty in domestic and global political environment (and resulting policy direction)



#### **Greater Potential for Disruption**

- Traditional infrastructure sectors more ripe for disruption than ever before
- Evolving technology and innovative business models are challenging defensive characteristics of infrastructure assets in unexpected ways
- Greater uncertainty in longer forecast periods and wider potential array of outcomes at exit
- Reinforces importance of sensible entry valuations, robust downside protection, and conservative underwriting assumptions



#### **Emerging Infrastructure Sector Themes**

- Growth of data traffic driving massive need for supporting build-out / expansion of communications infrastructure networks
- Relentless reduction in cost of renewable generation continues to disrupt incumbent utilities and electric generation assets
- Continued volatility in global energy markets may result in U.S. shale industry acting as “swing-producer”
- Potential step-change in U.S. PPP / asset privatization opportunity set with planned \$1 trillion infrastructure legislation

Note: These are Stonepeak's views based on the firm's experience, Stonepeak's management of Fund I and Fund II, Stonepeak's view of current and future market conditions, and certain assumptions about investing conditions and market fluctuation or recovery.

Past performance is not indicative of future results. There can be no assurance that the themes shown above will continue. Fund III will pursue any of the initiatives described herein or that such initiatives will be successful. In addition, there can be no assurance that any of the investment opportunities described herein will be consummated and, if consummated, that they will be consummated on the terms presented above. Please see the “Important Information” at the end of this presentation for additional information regarding forward-looking statements.

# Expected Fund III Terms

<b>TARGET FUND SIZE</b>	<ul style="list-style-type: none"> <li>▪ \$5.0 billion</li> </ul>
<b>GP COMMITMENT</b>	<ul style="list-style-type: none"> <li>▪ 1% of capital commitments</li> </ul>
<b>PREFERRED RETURN</b>	<ul style="list-style-type: none"> <li>▪ 8% per annum</li> </ul>
<b>CARRIED INTEREST</b>	<ul style="list-style-type: none"> <li>▪ 20% (or 15% for investors participating in a first closing)</li> </ul>
<b>MANAGEMENT FEE</b>	<ul style="list-style-type: none"> <li>▪ Paid on committed capital during the investment period and invested capital thereafter</li> <li>▪ Capital commitments under \$200 million: 1.50%</li> </ul>
<b>INVESTMENT PERIOD</b>	<ul style="list-style-type: none"> <li>▪ Five years from the first closing date</li> </ul>
<b>TERM</b>	<ul style="list-style-type: none"> <li>▪ 12 years from the first closing date with up to three one-year extensions (subject to objection by the limited partner advisory committee)</li> </ul>
<b>MINIMUM LP COMMITMENT</b>	<ul style="list-style-type: none"> <li>▪ \$10 million</li> </ul>
<b>INVESTMENT OBJECTIVE</b>	<ul style="list-style-type: none"> <li>▪ To generate attractive returns primarily through privately-negotiated equity and equity-related investments in infrastructure assets and businesses in the United States and Canada</li> </ul>

Note: Certain preliminary terms of Fund III are highlighted above. The terms contained in this summary do not purport to be complete and are subject to change. This summary is qualified in its entirety by the more detailed information contained in the confidential private placement memorandum of Fund III (as amended, restated or otherwise modified from time to time), the amended and restated exempted limited partnership agreement of Fund III and related documentation, all of which should be reviewed carefully and contain additional terms to those included in this summary.

# Important Information

This presentation is provided upon request to certain institutional investors for discussion and informational purposes only to provide background information with respect to Stonepeak Partners LP (together with its affiliates, “Stonepeak”) and its investment activities and is not an offer to sell or the solicitation of an offer to buy an interest in Stonepeak Infrastructure Fund III LP (together with its related entities and any parallel funds, “Fund III”) or any other current or future vehicle, account, product, or fund sponsored or managed by Stonepeak (each a “Fund”), including Stonepeak Infrastructure Fund LP (together with its related entities and any parallel funds, “Fund I”) and Stonepeak Infrastructure Fund II LP (together with its related entities and any parallel funds, “Fund II”). This presentation does not constitute an offer to sell or a solicitation of an offer to purchase any security of a Fund. The distribution of this presentation in certain jurisdictions may be restricted by law. This presentation does not constitute an offer to sell or the solicitation of an offer to buy in any state of the United States or other U.S. or non-U.S. jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such state or jurisdiction.

This presentation is not intended to form the basis of any investment decision for sale of an interest in a Fund, and you agree and acknowledge that you are not relying on the information contained in this presentation as the basis for any such investment decision you may make in the future. Any offer or solicitation with respect to a Fund will only be made pursuant to the final confidential private placement memorandum issued with respect to such Fund, which qualifies in its entirety the information set forth herein and which should be read carefully prior to any investment in such Fund for a description of the merits and risks of such an investment.

In considering case studies and investment performance information contained in this presentation, prospective investors should bear in mind that past or projected performance and past investment activity information is not necessarily indicative of future results and there can be no assurance that a Fund will achieve comparable results, that it will be able to implement its investment objectives or that targeted, projected or underwritten returns, cash yields or asset allocations will be met. Unless otherwise indicated, all compound annual internal rates of return (“IRRs”), multiples of invested capital (“MOIC”) and cash yields are presented on a “gross” basis (i.e., prior to the drawdown of management fees, organizational and partnership expenses, and the general partner’s allocation of profits, taxes and other expenses borne by investors in a Fund, which in the aggregate may be substantial, but after partnership expenses withheld from investment proceeds). Net returns calculated after such fees, expenses, management fees, organizational expenses, partnership expenses, the General Partner’s allocation of profits and partnership expenses withheld from investment proceeds, taxes paid by the Fund and other expenses (but not after deduction of any taxes borne by the limited partners), would generally be expected to be substantially lower. As used throughout this presentation, “gross IRR” means an aggregate, compound, annual, gross internal rate of return on investments. The gross and net returns for a Fund may differ materially from the returns indicated for Fund I and Fund II. Unless otherwise noted, all performance information herein excludes co-investment or co-invested capital subscribed for by third parties alongside or controlled by, Stonepeak, and any actual or committed debt financing or equity from joint venture partners. For a description of such types of fees and expenses with respect to a Fund, see Form ADV Part 2A maintained by Stonepeak, a copy of which will be furnished to a prospective investor prior to its admission to such Fund. As presented herein, IRRs and multiples with respect to unrealized investments assume that such investments were sold for cash at their indicated unrealized values and their proceeds therefrom distributed to investors. Actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns indicated herein.

In addition, certain information contained herein constitutes “forward-looking statements” regarding future events, targets or expectations regarding a Fund or its strategies. Due to various risks and uncertainties actual events or results or actual performance of a Fund or any investments described herein may differ materially from those reflected or contemplated in such forward-looking statements. As a result, a prospective investor should not rely on such forward-looking statements in making their investment decisions. No representation or warranty is made as to future performance or such forward-looking statements. In addition, with respect to the market information, outlook and trends set forth in this presentation, there can be no assurance that such information, outlooks and trends will continue or that such information will remain accurate based on current and future market conditions. Statements contained herein (including those relating to current and future market conditions, trends and expected financial performance of the portfolio companies described herein) that are not historical facts are based on current expectations, estimates, projections, opinions and/or beliefs of Stonepeak. Such statements are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors, and should not be relied upon. Unless otherwise noted, the information provided herein is based on matters as they exist as of the date of the preparation of this presentation and not of any future date.

Further information regarding the assumptions underlying such statements is available from Stonepeak upon request. Investment highlights reflect Stonepeak’s subjective judgment of the primary features that may make investment in the relevant sector attractive. They do not represent an exclusive list of features, and are inherently based on Stonepeak’s opinion and belief based on its own analysis of selected market and economic data and its experience generally. Qualitative statements regarding regulatory, market, and economic environments and opportunities are based on Stonepeak’s opinion, belief, and judgment.

The performance information, selected examples and case studies and/or transaction summaries presented in or referred to in this presentation or otherwise available as referenced herein, as well as any information derived by you from the information contained in this presentation, are presented for illustrative purposes only and may not be representative of all transactions of a given type or of investments generally and are intended to be illustrative of some of the types of investments that may be made by a Fund employing the investment strategies described herein. There can be no assurance that a Fund will be able to obtain comparable returns, implement its investment strategy, achieve its investment objectives, or avoid substantial losses.

# Important Information

The target returns set forth herein are based on Stonepeak's belief and estimates regarding the returns that may be achievable on investments that a Fund intends to pursue in light of Stonepeak's experience with similar investments historically, Stonepeak's management of Fund I and Fund II, Stonepeak's view of current and future market conditions, potential investment opportunities Stonepeak is currently or has recently reviewed, availability of financing, and certain assumptions about investing conditions and market fluctuation or recovery. Target returns are subject to economic, market, and other uncertainties and risks that may adversely affect performance and are based on various models, estimates, and assumptions made by Stonepeak (including that actual expenses do not vary from estimates, that interest rates remain consistent, that there is a stable economic forecast, and that all investments will perform to expectations). Prospective investors should bear in mind that assumptions underlying target returns are hypothetical and actual results (including as a result of circumstances or actions outside of Stonepeak's control) may positively or negatively impact actual returns. Prospective investors should also bear in mind that target returns are hypothetical and not a guarantee, projection or prediction of performance. Actual results (including returns on individual investments) may vary materially and such target returns and the assumptions related thereto may not ultimately be applicable to a Fund's investment strategy.

Certain information in this presentation relates to portfolio companies of Fund I and Fund II and their operations and/or financial condition (including information in respect of Stonepeak's valuation of such portfolio companies). They are intended to provide insight into Stonepeak's investment strategy. They are not representative of all investments that will be made by a Fund, and it should not be assumed that a Fund will make equally successful or comparable investments. Past performance is not indicative of future results. Moreover, the actual investments to be made by a Fund will be made under different market conditions and differ from those investments presented or referenced in this presentation. Information relating to the Fund I and Fund II's portfolio companies and their operations and/or financial condition is commercially sensitive. While Stonepeak believes the statements made herein with respect to current and future operating performance and financial condition of such portfolio companies are reasonable under the circumstances, there can be no guarantee of future performance of such portfolio companies, which is difficult to predict and subject to a number of uncertainties and risks (both known and unknown). There can be no assurance that the conditions upon which such Stonepeak's assumptions are based will materialize. Prospective investors acknowledge that the valuations and other information set forth herein relating to portfolio companies and their operations are, unless historical facts, preliminary estimates based on current information available to Stonepeak and its beliefs regarding their valuation and performance.

Certain information contained in this presentation (including certain forward looking statements and information) has been obtained from sources other than Stonepeak. In addition, certain information contained herein may have been obtained from companies in which investments have been made by Stonepeak. Although such sources are believed to be reliable, none of Stonepeak, any Fund, or any of their respective directors, officers, employees, partners, members, shareholders, or their affiliates, or any other person, assumes any responsibility for the accuracy or completeness of such information and each Fund is under no obligation to update or keep current such information. This presentation is not intended to, and does not, include all information necessary to make the statements herein not misleading.

Any reference contained in this presentation to transactions or experience of Stonepeak personnel includes the tenure of such personnel at other firms before joining Stonepeak.

Stonepeak is the recipient of the 2016 Infrastructure Investor Fund Manager of the Year, North America Award and the 2016 Infrastructure Investor Equity Fundraising of the Year, North America Award issued by Private Equity International's ("PEI") Infrastructure Investor publication, which Stonepeak understands is based on a reader poll. This award was based on PEI's own methodologies and criteria. Information regarding such methodologies and criteria (including, whether and to what extent, if any, they were based on investor evaluations and the number of nominees that were considered for the award) is not known to Stonepeak and Stonepeak has not investigated whether it has been rated by these or any other third parties in any way that would conflict with this award. Other third parties or investors may disagree with the award given to Stonepeak and potential investors should make their own determinations about the prospects for the investments made by funds managed by Stonepeak. Receipt of this award may not be representative of any particular investor's experience or the future performance of Stonepeak or any of its funds or investments and there is no guarantee that similar awards will be obtained by Stonepeak in the future. Notice of this award is provided solely for informational purposes and should not be construed, or relied upon, as any indication of future performance of Stonepeak or any of its funds or investments.

Campbell Lutyens & Co. Ltd ("CL"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, advises Stonepeak as a placement agent for Fund III and may use its agents to assist in its placement activities. In the United States, Campbell Lutyens & Co. Inc., ("CL Inc.") will act as agent for CL in the offering of interests in Fund III. CL Inc. is a registered broker dealer with the United States Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority. In Asia, Campbell Lutyens Asia Pacific Ltd ("CL Asia") will act as agent for CL in the offering of interests in Fund III. CL Asia is licensed by the Securities and Futures Commission in Hong Kong. None of CL, CL Inc. or CL Asia or their respective affiliates, officers, employees, advisers or agents (together the "CL Persons") accepts any liability or assumes any responsibility for independently verifying, and no representation or warranty, express or implied, is made as to the truth, accuracy or completeness of, the information contained herein. The CL Persons will act for Stonepeak and nobody else in connection with Fund III and will not be responsible to anyone other than Stonepeak. In particular, the CL Persons are not acting for any prospective investor and accordingly will not be responsible to any prospective investor for providing the protection afforded to their clients or for advising any prospective investor on any transaction related to Fund III, including the suitability of any investment in Fund III.

**Prospective investors should be aware that an investment in a Fund involves a high degree of risk. The following is a summary of only certain considerations and is qualified in its entirety by the more detailed section describing risk factors and potential conflicts of interest (or similar section) which will be set forth in the private placement memorandum of each Fund, which must be read carefully prior to investing in such Fund.**

# Important Information

**Past Performance is Not Indicative of Future Results.** Past performance is not necessarily indicative of future results, and there can be no assurance that a Fund will achieve results comparable to those of Fund I or Fund II or any of Stonepeak's co-investment vehicles, or that a Fund will be able to implement its investment strategy or achieve its investment objectives or otherwise be profitable. In considering the performance information contained herein, prospective investors should bear in mind that there can be no assurance that a Fund will achieve comparable results or avoid significant losses, that it will be able to effectively implement its investment objective, or that any other objectives will be met. No representation, warranty or covenant is made as to future performance or any other forward-looking statement. Prospective investors should bear in mind that although certain aspects of the investment programs of either Fund I or Fund II may overlap with another Fund in certain respects, except as otherwise expressly indicated herein, such other Stonepeak-sponsored funds each have different investment objectives, may be primarily managed on a day-to-day basis by different Stonepeak investment professionals.

**No Assurance of Investment Return.** There can be no assurance that a Fund's objectives will be achieved, that the past, targeted, or estimated results presented herein will be achieved or that a limited partner will receive any distribution from a Fund. An investment should only be considered by persons who can afford a loss of their entire investment.

**Leveraged Investments.** The portfolio companies (which includes projects, assets and/or businesses) in which a Fund invests (including those discussed herein) may employ significant leverage. The leveraged capital structure of such portfolio companies may increase their exposure to certain factors such as rising interest rates, downturns in the economy, or deterioration in the financial condition of such portfolio companies or industry. In the event an asset cannot generate adequate cash flow to meet its debt service, a Fund will suffer a partial or total loss of capital invested in the asset, which would adversely affect the returns of a Fund and/or the performance of its investments.

**No Market for Limited Fund Interests and Restrictions on Transfer.** Interests in each Fund have not been registered under the securities laws of any jurisdiction, and, therefore, cannot be sold unless they are subsequently registered under applicable securities laws or an exemption from registration is available. There is no public market for interests in each Fund and one is not expected to develop. A limited partner will generally not be permitted to assign, sell, exchange, or transfer its interest in a Fund without the consent of the Fund's general partner.

**No Assurance of Co-Investment Syndication.** Stonepeak intends, from time to time, to syndicate a portion of certain investments as co-investments to Stonepeak's existing limited partners and, where applicable, other co-investors. There can be no assurance that any such co-investment syndication will be successful.

**Potential Conflicts of Interests.** There may be occasions when Stonepeak and/or any of its affiliates encounter potential conflicts of interest in connection with a Fund's investment activities including, without limitation, the activities of Stonepeak. There may be restructuring and/or disposition opportunities with respect to certain investments that Stonepeak cannot take advantage of because of such conflicts.

**Failure to Make Payments.** If a limited partner fails to make capital contributions or other payments when due to a Fund, such limited partner will be generally subject to various remedies including, without limitation, preclusion from further investment in such Fund, reductions in its capital or loan account balance, and a forced sale of its interest in such Fund.

**Highly Competitive Market for Investment Opportunities.** The activity of identifying, completing, and realizing attractive investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that a Fund will be able to locate, consummate, and exit investments that satisfy such Fund's rate of return objectives or realize upon their values or that it will be able to invest fully its committed capital.

**Reliance on the General Partner and the Investment Advisor.** The success of a Fund will depend in part upon the skill and expertise of the professionals of employed by its general partner. The interests of these professionals in the general partner and the investment advisor should tend to discourage them from withdrawing from participation in a Fund's investment activities. However, there can be no assurance that such professionals will continue to be associated with the general partner or its affiliates throughout the life of a Fund.

**Advisors and Operating Partners.** Stonepeak engages and retains strategic advisors, senior advisors, consultants, operating partners and other similar professionals who are not employees or affiliates of Stonepeak and who, from time to time, receive payments from, or allocations with respect to, portfolio companies (as well as from Stonepeak or certain Funds). In such circumstances, such payments from, or allocations with respect to, portfolio companies and / or a Fund are typically treated as partnership expenses and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Stonepeak, be deemed paid to or received by Stonepeak and such amounts will not be subject to a Fund's offset provisions. These strategic advisors, senior advisors, consultants, operating partners and / or other professionals typically have the right or are offered the ability to co-invest alongside the Funds, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio company, or invest directly in certain Funds subject to reduced or waived management fees and/or carried interest, and such co-investment and / or participation (which generally will reduce the amount invested by a Fund in any investment) generally will not be considered as part of Stonepeak's side-by-side co-investment rights.

**Material, Non-Public Information.** By reason of their responsibilities in connection with other activities of Stonepeak, certain employees of the general partner, the investment advisor, and their respective affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. A Fund will not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an Investment that it otherwise might have sold.

**Legal, Tax and Regulatory Risk.** Legal, tax and regulatory changes (including changing enforcement priorities, changing interpretations of legal and regulatory precedents or varying applications of laws and regulations to particular facts and circumstances) could occur during the term of a Fund that may adversely affect such Fund and its partners.