

Current Focus List

LENDING FUNDS

1. Lending fund which originates construction loans to developers of multi-family projects in mature rental markets. Manager has closed on eight funds and is preparing to raise capital for the ninth. The last fund raised \$225 million including \$50 million from the General Partner (“GP”)/insiders. Loans are approximately 65% loan-to-value. Distributions are paid quarterly and consist of dividends from a qualified REIT resulting in favorable tax treatment. Sandalwood has invested in four previous funds with this manager. Currently available.
2. A Credit Opportunities Fund formed to provide bespoke, senior secured loans to primarily US-based, commercial stage, public and private, small-cap and mid-cap healthcare companies. The firm is a life sciences-focused investment firm founded in 1999, employs 22 investment professionals and manages approximately \$8 Billion in AUM. A disciplined and repeatable underwriting process seeks to mitigate risk by focusing on the following “must-have” attributes: 1) Predominant focus on companies with diverse commercial-stage assets to eliminate “binary risk”. Select development-stage companies require multiple assets. 2) Top of the capital structure – senior secured, first liens on assets and IP. 3) Loan-to-value (LTV) of 25% or less. 4) Minimum 2x tangible collateral coverage (ensure a pathway to exit in a distressed/liquidation or salvage scenario). 5) Customized financial and operational covenants and tailored loan structures to provide contractual control and optionality. 6) All loans are floating rate. 7) Equity upside conviction – the manager always expects to receive warrants or equity in a deal structure underwritten to a minimum 2x target return. This is the firm’s fifth lending fund. Sandalwood invested in the last two lending funds as well as other funds sponsored by this manager. Currently available.

REAL ESTATE FUNDS

1. Real estate fund where the GP secures a joint venture (“JV”) partner for approximately 90% of the capital for each investment inside the fund. The manager anticipates 12-15 investments. The GP shares the performance fee earned on the JV investor’s capital with the limited partners. The fund has a southern Florida focus. Sandalwood invested in Fund II and has committed \$10 million to Fund III to date. The venture partners consist of major, well-known institutional investors. Our ability to share in the GP’s promote on the JV’s capital should materially contribute to our return. The fund is currently working on major projects in Miami. Currently available.
2. Institutional quality real estate fund with superior team specializing in many different sectors of real estate. The team leaders have over two decades of managing funds at major firms. It is one of the few funds which has developed expertise in a wide variety of non-traditional (as well as traditional multi-family, office, retail and industrial) areas of real estate including: gaming, senior housing, cell towers, parking, land entitlement, golf courses, hotels, resorts, ski resorts etc. These niche areas allow an expanded opportunity set, thereby enabling the fund to avoid “crowded” trades. Currently available.

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REAL ESTATE FUNDS CONTINUED

The fund adopts a broader investment mandate than most fund managers, having invested in 20 different traditional and non-traditional asset classes throughout both North America and Europe. It focuses across the capital structure and executes complex transactions (e.g., tri-party recapitalizations, bankruptcy related restructurings, structured debt transactions). The fund invests largely in opportunistic transactions, including distressed situations, value enhancement opportunities, custom-tailored capital needs, pricing arbitrage opportunities, absentee owners and niche property types that are devoid of capital. Given primary deal drivers that differ from broad macroeconomic factors, it believes its portfolios are more diversified and less correlated to traditional economic cycles than traditional real estate. This is the firm's fifth real estate fund. Sandalwood invested in the last fund plus two lending funds with this firm. Currently available.

PRIVATE EQUITY

1. The fund is a unique PE capital solutions/special situations fund focused on taking advantage of the ongoing 3+ year market dislocation in the biopharma sector. Its proprietarily sourced transactions will be shorter duration structured financings and asset aggregation investments to high conviction public and private life sciences companies that are very well-known to the firm while avoiding early-stage binary risk. Downside protections include being at or near the top of the capital structure, liquidation preferences (1.5x-3x) and board seats that include control and/or significant influence while targeting asymmetric net returns. Launched in 2024, the scope of its investments will include bespoke structured financings (2-4-year durations), company building via asset aggregation and asset/company roll-up opportunities while avoiding early-stage/binary risk. The two portfolio managers collectively have 50 years of deep transactional, executive and operational experience in the healthcare space. The fund intends to provide structured solutions in the form of preferred equity and/or convertible debt to later-stage development and commercial-stage companies that require a quantum of capital to achieve operational success and drive value. While focusing on downside protection, these investments will endeavor to provide equity-linked upside with the goal of aligning investment results with our portfolio companies' operational and financial objectives. It is targeting a \$500 million fund with the General Partner investing \$50 million and a major international drug company investing \$40 million. Sandalwood has previously invested in five funds with this manager. Currently available.

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SECONDARIES

1. One of the most experienced managers purchasing secondary interests in the private equity sector. Manager has close to thirty years experience in this sector, and a superior list of blue-chip institutional clients along with highly sophisticated family offices and high net worth individuals. Sandalwood has been investing with this manger almost since inception in 1994. Currently available.

DISTRESSED DEBT

1. The manager's second drawdown fund which will adopt a fundamental, deep value, bottom-up investment approach to distressed and stressed credit strategies. The fund will target three core strategies as follows: 1) Performing Distressed: "Pull to Par" Credit: investing in bonds and loans selling at deep discounts to par. 2) Restructurings: "Loan to Own" and Post-reorg Equity: investing in defaulted securities or performing securities where a restructuring is expected within a year. 3) Spread Compression Trades: investing in securities after spreads have widened rapidly due to idiosyncratic or macro shocks with the view they will revert to historical levels. The fund expects to make 15-20 core investments, each in the range of 3-8% of total capital commitments. Sandalwood has been investing in this manager's hedge fund for many years. Currently available.

HEDGE FUNDS

Various hedge fund portfolios, including a three-manager biotech portfolio, a five-manager opportunistic credit portfolio and other portfolios combining credit managers with a renowned institutional managers with multi-decade track records. Currently available.

Recently Closed

2024 INVESTMENTS: CLOSED

LENDING

The firm is raising capital for its direct lending strategy which commenced operations in February 2023 as a non-exchange traded, perpetual-life (evergreen) business development company (BDC) created to invest primarily in a diversified pool of directly originated, senior secured loans made to non-sponsored middle market companies. It generates current income (interest income and fees) which is paid quarterly to investors. The firm is an institutional alternative investment firm with \$14 billion AUM. It employs about 80 professionals, including 39 professionals on the investment team. Loan and portfolio characteristics include first lien (often uni-tranche), floating rate and middle market companies (EVs of \$300 million to \$3 billion). By investing in a Founders Series, Limited Partners share in General Partner economics starting at a 10%+ return and earning an additional 80 basis points for each billion in AUM the fund raises. Closed 5/31/2024.

PRIVATE EQUITY

Institutional manager with over thirty years of experience. A current key focus is on investing in companies in the supply chain or otherwise strategically important to the United States. General Partner is personally committing over \$500 million to the fund, which comes with a 15% preferred return prior to the manager earning its performance fee. Manager has put together a strategically diverse and experienced team of former CEOs and other senior executives in cyber security, data analytics, machine learning, and AI, among others to run the fund. Sandalwood has a thirty+ year relationship with the manager. We anticipate significant co-investment opportunities. Closed 5/31/2024.