

KEY REAL ESTATE EQUITY CAPITAL, INC.
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This brochure provides information about the qualifications and business practices of Key Real Estate Equity Capital, Inc. If you have any questions about the contents of this brochure, please contact us at (216) 689-0830 and/or kenneth_fox@keybank.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Key Real Estate Equity Capital, Inc. expects to be registered investment adviser. Registration does not imply a certain level of skill or training. Additional information about Key Real Estate Equity Capital, Inc. is available at the SEC's website at: www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This Brochure dated April 9, 2012 reflects no material changes. This is an initial filing.

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ITEM 4: ADVISORY BUSINESS

Key Real Estate Equity Capital, Inc. (“KREEC”) has applied with the Securities and Exchange Commission to become a registered investment adviser. KREEC commenced operations in 2004 and is a wholly owned subsidiary of KeyBank National Association (“KeyBank”), which is a wholly owned subsidiary of KeyCorp. KeyCorp is publically traded on the New York Stock Exchange under the symbol “KEY.”

Once registered, KREEC, along with Hartford Investment Management Company (“HIMCO”) and, together with KREEC, the “Managing Members”), will provide co-investment advisory services to Hartford Mezzanine Investors, I, LLC (the “Company”) and Hartford Mezzanine Investors I-CRE CDO 2007-I, Ltd. (“CRE CDO”). References to the Company herein include the CRE CDO owned by the Company, except where the context otherwise requires. Currently, HIMCO provides investment advisory services to the Company. KREEC does not currently expect to advise additional clients other than the Company and the CRE CDO but may do so in its discretion. The Managing Members collectively will direct the portfolio which is comprised of structured products, debt investments, and other investments related to commercial real estate assets and real estate operating companies. Representative investments may include:

- Subordinate participations in commercial mortgage loans with or without equity participation features
- Mezzanine loans secured by equity in a borrower which is the direct or indirect owner of income producing real estate
- Bridge loans
- Subordinate tranches of commercial mortgage backed securities (“CMBS”)
- Preferred equity
- Loans for and other financings or commercial property redevelopment and construction
- Equity and debt investments in collateralized debt obligations (“CDO’s”)
- Other securities and derivatives used for hedging purposes

The Company, directly and through its captive CRE CDO, seeks to acquire a portfolio of investments that provides attractive risk adjusted returns and current income. Some of the investments may also provide fee income in addition to coupon yield. The Managing Members may utilize debt financing on a floating rate and /or fixed rate basis. There can be no assurance that the Company will meet its objectives or avoid significant losses.

KREEC has full discretion in investment decisions made on behalf of the clients. Investment advice is provided directly to each client according to its particular investment objectives and within the guidelines as described in such documents as the offering circular, indenture, collateral management agreement and servicing agreement for each respective client account and not individually to the investors.

The Company has been operating since 2006. While KREEC provided advisory services to the Company as an exempt investment adviser in the past, it is not currently providing such services and will not do so until registered. Accordingly, as of April 6, 2012, KREEC did not manage any

assets. KREEC does not currently expect to advise any additional clients other than the Company and the CRE CDO but may do so in its discretion.

ITEM 5: FEES AND COMPENSATION

KREEC will charge a fee based on assets under management. Fees generally will be charged quarterly in arrears, based on month-end account values. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee.

Institutional accounts and private offering fees are negotiable in limited circumstances. When negotiating fees, the strategy and size of the account and relationship is taken into account. The minimum account size is \$10,000,000.00. Fees generally will be 1.5% per annum, payable quarterly in arrears during the investment period. For the Company, the management fee is 1.50% of capital contributions. After the close of the investment period, the fee will be 1.00% per annum of invested capital, payable in arrears.

The Company is, and any future clients may be, subject to an incentive fee. The Company will pay the Managing Members an incentive fee for providing investment management services to the Company. The incentive fee will be calculated in the following manner. After Investor Members have received distributions equal to certain capital contributions and the preferred return (i) the Managing Members shall receive an amount equal to twenty percent (20%) of all distributable cash flow until such time as the Investor Members have received their deferred preferred return; (ii) thereafter the Managing Members shall receive an amount equal to seventy percent (70%) of all distributable cash flow until such time as they have received an amount equal to twenty percent (20%) of the sum of such amounts distributed to them plus the amounts paid to the Investor Members for their preferred return, deferred preferred return and the thirty percent (30%) paid to them above; and (iii) thereafter, the Managing Members shall receive an amount equal to twenty percent (20%) of distributable cash flow.

Servicing fees are an amount equal to 0.05% (0.20% per annum) of the average daily principal balance of the Company's authorized investments during each calendar quarter. The servicing fee shall be paid quarterly in arrears to compensate for servicing services.

Fees are calculated, assessed and distributed by Key Real Estate Loan Servicing, an affiliate of KREEC. Key Real Estate Loan Servicing will calculate the management fee for each Managing Member and will deduct the amount of the management fee(s) from the quarterly residual income produced from the Company.

In addition to any management and servicing fees, the clients also bear certain costs and expenses attributable to asset management and servicing, legal/compliance, custodial arrangements, transaction costs and accounting and operational services, if any. For information regarding brokerage fees, see Item 12, *Brokerage Practices*, below.

Fees payable to the CRE CDO are rebated to the Company or waived.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

KREEC will accept incentive based compensation but does not expect to manage both accounts that are charged an incentive based fee and accounts that are charged another type of fee.

ITEM 7: TYPES OF CLIENTS

KREEC expects to provide investment advisory services to the Company only.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

KREEC is a Managing Member for the Company and upon investment adviser registration; all of the statements below will take effect. The other Managing Member, HIMCO, is a registered investment adviser which will exercise sole investment advisory authority pending registration by KREEC.

Investors in the Company (“Investor Members” and, together with the Managing Members, the “Members”) are a static pool of institutional investors and select individuals. An investment in the Company is suitable only for sophisticated investors and requires the financial ability and willingness to accept a high level of risk and lack of liquidity. Given the level of risk, there can be no assurance that the Members will receive a return of their capital. Investing in securities involves risk of loss that clients should be prepared to bear.

Decision Making

All investment decisions are made by the Investment Committee. Investment Committee consists of 4 members, 2 from each Managing Member. A quorum of 3 is required to take action on existing investments, and unanimous consent of the members is needed to approve any new investment. Investment decisions that are outside of the general provisions of the agreed upon loan documents for each individual investment are brought to the Investment Committee for approval. Recommendations to the Investment Committee are made by the Asset Managers. The Company has three 3 dedicated Asset Managers. The role and responsibilities of the Asset Managers are discussed in detail after the overview of the investments.

Existing Investments

The Managing Members collectively will direct the Company’s existing portfolio which comprises structured products, debt investments and other investments related to commercial real estate assets and real estate operating companies as described under Item 4 *Advisory Business*.

The Managing Members may use leverage in an attempt to enhance returns. While actual leverage at the investment levels varies depending on the type of investments made by the Company, the weighted average Loan to Value is 37.23 – 102.99% as of March 31, 2012. The Managing Members also utilized a CRE CDO in financing on a floating rate basis. The CRE

CDO financing is priced at rates lower than the current yield of the investments, and increase the leveraged asset yields.

New Investments

The Company's investment period is expected to expire on August 23, 2012, but may expire earlier. Once the investment period expires no further investments can be made with limited exceptions. In order to make a new investment before the reinvestment period expires, KREEC completes a thorough underwriting of the underlying real estate collateral and loan structure. The underwriting process is detailed below.

Asset Managers review rent rolls, historical and projected operating statements and budgets to understand the risk and volatility of the properties underlying cash flow. The Asset Manager then models the cash flow using real estate valuation software ("Argus") to determine a value of the real estate. Inputs and valuation assumptions for the model (rental rates, capitalization rate, occupancy rates, downtime, costs of tenancing, discount rates) are all substantiated with third party data sources (including REIS, Korpacz report, PPR, Co-Star, CBRE, Grubb & Ellis, discussions with local brokers, etc.) and current economic conditions. A 10-year discounted cash flow is used to arrive at a current value. Once a real estate value is agreed upon by the Investment Committee, the loan structure is tested and analyzed against the historical and projected cash flows of the property to ensure performance of the loan and to ensure that the level of return is commensurate with the level of risk taken. The next stage of the underwriting is a comprehensive review of the investments' governing documents, typically a credit agreement.

This review, completed by the Asset Manager and third party legal counsel, ensures that the Fund has adequate rights to pursue remedies in the case of potential issues arising with the loan, that release provisions leave the loan adequately collateralized, that covenants are structured to mitigate risks, etc. Simultaneous with the review of the governing documents, a review of all of the third party reports is completed including appraisal, phase I environmental reports, property condition report, permits, zoning letters, evidence of insurance, flood zone certification, etc.

General Investment Risks

Investment in the Company entails certain risks which investors should consider before and while owning interest in the Company. There can be no assurance that any rate of return or other investment objectives will be realized or that there will be any return of capital. In addition to general investment risks, Members of the Company should consider the following factors.

Intensive Asset Management. As mentioned in the previous section, the Asset Managers play a key role in the origination and due diligence for new investments. However, the Company is making limited new investments given the cash available for investments and the restrictions on new investments outlined in the First Amendment to the Company's Fifth Amended and Restated Operating Agreement. The Asset Managers' main responsibility is managing the existing investments. This includes regular dialogue with property management on the leasing traffic, conversations with the Sponsors about exit strategies (refinance of the loan or sale of the property) or restructures, conversations with the other lenders in the bank group (if the loan is a syndicated/bank group loan), annual site visits of the property, quarterly valuation analysis of the

real estate, (discussed below), and preparation of an “Asset Status Update” for the Company’s quarterly investor reporting package. Asset Managers provide any ad hoc analysis requested by the Investment Committee.

Diversification of Risk. The Company may participate in a limited number of Authorized Investments and therefore the Company may not be widely diversified. As a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavorable performance of even a single Authorized Investment. The ability of the Company to diversify the risks of making Authorized Investments will depend upon a variety of factors, including the size, characteristics, type and class of the real estate assets being developed or repositioned, and the number and quality of borrowers in need of such financing. As a result, the Company may not be able to make Authorized Investments that would provide a desired level of diversification.

Illiquid Investments. Most of the Authorized Investments will not have any readily available public market and will be illiquid. Such illiquidity may lead to increased difficulty in valuing as well as in executing transactions involving such investments. The Managing Members expect that the majority of the Company’s Authorized Investments will have to be held until maturity rather than liquidated in the secondary market.

Long-Term Investments. It is uncertain as to when profits, if any, will be realized on the Company’s Authorized Investments. Losses on unsuccessful Authorized Investments may be realized before realization of gains on successful Authorized Investments (if any). While an Authorized Investment may be sold or repaid at any time, it is not generally expected that this will occur for a period of two to three years after the initial investment. During such time, there will typically be a current return on investment although in certain circumstances no cash may be distributed to the Investor Members. A limited number of investments may be made in development or redevelopment situations where there is no current asset level cash flow.

Use of Derivatives. The Company may use derivative instruments, including without limitation, swap agreements and forward contracts for various purposes related to its investment portfolio. The use of such instruments and techniques may result in leveraging the assets of the Company and expose the Company to significant risks, including, without limitation: (i) the risk that interest rates or securities prices will not move in the direction anticipated; (ii) imperfect correlation between the price of derivative instruments and movements in the prices of the assets being hedged; (iii) closing out certain hedged positions, which may lead to adverse tax consequences; (iv) the possible absence of a liquid secondary market for any particular instrument which may make it difficult or impossible to close out a position when desired; (v) leverage risk, that is, the risk that adverse price movements in an instrument can result in a loss substantially greater than the initial investment in that instrument (in some cases, the potential loss is unlimited); and (vi) particularly in the case of privately-negotiated instruments, the risk that the counterparty will fail to perform its obligations, which could leave the Company in a worse position than if it had not entered into the position. Specifically, the Company may purchase and sell credit derivatives contracts including credit default swaps. The Company may also buy or sell credit default swaps on a basket of reference entities, which might or might not be a part of a synthetic CDO transaction.

Risks Related to Real Estate Investments

Investment in Real Estate. Generally, Authorized Investments will be subject to the uncertainty of cash flow of the borrowers or issuers to meet fixed or variable obligations due to the risks incident to ownership and development of real estate, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of buyers and sellers of properties, supply of or demand for competing properties in an area, accelerated construction activity, technological innovations that alter space requirements, the availability of financing, changes in interest rates, competition based on sale prices, energy and supply shortages, various uninsured and uninsurable risks and government regulations. Furthermore, the increased scrutiny being paid to certain government sponsored entities providing mortgage capital may have an impact on mortgage markets in the future.

Interest Rate Changes. Interest rates may change, and such changes may be material. If interest rates increase, the cost of borrowing for the Company will increase, and the Company's ability to borrow money may be limited. In addition, higher interest rates tend to have a negative impact on real estate sales which would have a material adverse effect on the returns of the Company.

Environmental Matters. The real properties owned by the companies with which Authorized Investments will be made will be subject to U.S. federal and state environmental laws, regulations and administrative rulings which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Real property owners are subject to U.S. federal and state environmental laws which impose joint and several liabilities on past and present owners and users, and in some cases, lenders of real property for hazardous substance remediation and removal costs. Therefore, to the extent it becomes an owner of property, the Company may be exposed to substantial risk of loss from environmental claims arising in respect of any real properties owned by the companies with which Authorized Investments will be made with undisclosed or unknown environmental problems or as to which inadequate reserves have been established. It is anticipated that the Company will not take title to a property unless said property is acceptable pursuant to an environmental study, and that if the Company takes title, it would be taken in the name of a separate legal entity.

Creditor Risks. As debt, Authorized Investments generally are subject to various creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under the relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations, and (iii) as noted above, environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any underlying company or property, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or distressed exchange, can significantly diminish the value of Authorized Investments in any such company or property. Furthermore, the Company may provide commitments and capital for interim financing such as bridge loans. In addition to the risks and uncertainties associated with any debt investment, a bridge loan may not be repaid or refinanced as scheduled and the bridge loan may become in default or be required to be made part of the permanent capital structure of the borrower under circumstances in which the underlying company or property was not able to execute its financing plan. In either case, the risk of loss of principal in the investment will be exacerbated.

Uninsured Losses. The Company will attempt to maintain insurance coverage, and will require borrowers to maintain insurance coverage, against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods, or acts of terrorism may be unavailable, available in amounts that are less than the full market value or replacement cost of real property securing the Authorized Investment, subject to a large deductible or not economically insurable. In addition, there can be no assurance that the particular risks that are currently insurable will continue to be insurable on an economic basis. Additionally, all of the Company's assets may be at risk in the event of an uninsured liability to third parties.

Prepayment Risks. Due to the possibility of prepayments, Authorized Investments may have an unknown maturity. In the absence of a known maturity, market participants generally refer to an estimated average life. An average life estimate is a function of an assumption regarding anticipated prepayment patterns, which are based upon current interest rates, current conditions in the relevant end-use markets and other factors. The assumption is necessarily subjective, and there can be no assurance that estimated average life will correspond to an Authorized Investment's actual average life.

Risks of Leverage. Most Authorized Investments will be/are leveraged, which may adversely affect income earned by the Company and the Investor Members or may result in a loss of principal. In this regard, the Company will seek to obtain from a third-party lender or lenders a margin line of credit to finance short-term working capital needs and/or Authorized Investments. The use of leverage creates an opportunity for increased return on investment, but at the same time involves a degree of increased financial risk and increases the exposure of the Company or Authorized Investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the investment collateral. The Company may be unable to secure attractive financing as market fluctuations may significantly decrease the availability and increase the cost of leverage. Principal and interest payments on any leverage will be payable regardless of whether the Company has sufficient cash available therefore.

Subordinate Interests. Some of the Authorized Investments will be/are subject to a senior mortgage loan. Senior lenders may be entitled to a preferred cash flow prior to the Company's entitlement to payment on its Authorized Investment. This increases the risk of loss due to the foreclosure or forced sale of the project resulting from a default by a borrower and makes the Authorized Investment particularly sensitive to fluctuations in operating income resulting from changes in occupancy levels, rental rates and operating expenses.

Risks Associated with Real Estate Mezzanine Debt. The Company's mezzanine debt investments will/are generally not be secured by any lien on the underlying real estate and will be in a junior or subordinate position to senior financing. In certain circumstances, in order to protect its investment, the Company may decide to repay all or a portion of the senior indebtedness relating to the particular mezzanine investments or to cure defaults with respect to such senior indebtedness. In a bankruptcy of a borrower, the mezzanine debt would have a priority no greater than other general creditors of the borrower. In addition to repayment risks, these positions may be subject to restrictions on enforcement rights prior to maturity or

foreclosure of the senior position. These restrictions may also adversely affect the Company's rights to realize upon or control the underlying assets.

Troubled Assets. The Company has investments in non-performing or other troubled assets that involve a degree of financial risk. There can be no assurance that the Company's investment objectives will be realized or that there will be any return of capital to the Investor Members on such troubled assets. Furthermore, investments in properties operating in work-out modes or under bankruptcy protection laws may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of the Company's original investment, including equitable subordination and/or disallowance of claims or lender liability. In addition, under certain circumstances, payments to the Company and distributions by the Company to its Investor Members may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law.

No Control over Investments. In certain situations, the Company may (i) acquire only a minority interest in an Authorized Investment, (ii) rely on independent third-party management or strategic partners with respect to an Authorized Investment, or (iii) acquire only a participation in an asset underlying an investment, and therefore may not be able to exercise control over the management of such Authorized Investment. The Company may also co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring noncontrolling interests in certain Authorized Investments. Although the Company may not have control over these investments and therefore, may have a limited ability to protect its position therein, the Managing Members expect to negotiate appropriate rights to protect the Company's interests. Nevertheless, such Authorized Investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Company, or may be in a position to take action contrary to the Company's investment objectives. In addition, the Company may in certain circumstances be liable for the actions of its third-party partners or co-venturers. Even if the Company were to acquire a majority interest in an Authorized Investment, the day-to-day operations of the real estate companies and properties underlying Authorized Investments will be the responsibility of the owners and developers of such companies and properties. Although the Managing Members are responsible for monitoring the performance of each Authorized Investment and intend to invest in Authorized Investments with underlying real estate companies and properties that are operated by strong management, there can be no assurance that the owners and developers will be able to operate the underlying companies or properties in accordance with their business plans or the expectations of the Company.

Risks Associated with Equity Ownership. The Company may take equity positions in property-owning entities. In such a case, the Company's interests will be subordinated to both general and secured creditors of the asset. This subordination could increase the Company's risk of loss. Moreover, acquisition of equity interests involves certain risks not present in real property loans or direct property ownership. For example, there is the possibility that other equity owners may have economic or business interests or goals which are inconsistent with those of the Company.

Hedging Policies/Risks. The Company may employ hedging techniques designed to protect it against adverse movements in interest rates and other risks. While such transactions may reduce certain risks, the transactions themselves may entail certain other risks. Thus, while the Company may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates and other factors may result in a poorer overall performance for the Company than if it had not entered into such hedging transactions. If the hedging arrangements are terminated at any time in accordance with their terms, whether as a result of an event of default thereunder or otherwise, the Company may be liable to make a payment to or receive a payment from the hedging provider in connection with such termination reflecting the market value of the transactions comprising such hedging arrangements (or, in certain circumstances, the loss or gain, as applicable, of the party making the relevant determination). If the Company is required to make such a payment, it may be required to liquidate investments to fund any such payment.

Investments May be Subject to Usury Limitations. Interest charged on Authorized Investments may be subject to usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest and unenforceability of debt.

Varying Collateral Risks. Authorized Investments may not be secured by a mortgage, but may instead be secured by partnership interests or other collateral that may provide weaker rights than a mortgage. In any case, in the event of default, the Company's source of repayment will be limited to the value of the collateral and may be subordinate to other lienholders. The collateral value of an underlying property may be less than the outstanding amount of the Company's investment. In cases in which the Company's collateral consists of partnership or similar interests, the Company's rights and level of security may be less than if it held a mortgage loan.

Limited Information. In certain circumstances, the Company may not receive access to all available information to determine fully the origination, credit appraisal, and underwriting practices utilized with respect to Authorized Investments or the manner in which Authorized Investments have been serviced and/or operated.

Uncertainty of Projections. The Managing Members' determination to make a particular Authorized Investment will be based on a variety of projections, including projections regarding future growth rates and demand in the applicable market, construction costs, market prices and disposition timing and proceeds, all of which are inherently uncertain. To the extent that the actual outcome of any of such matters (as well as any matter relevant to such determination by the Managing Members) differs from that assumed by the Managing Members, actual returns to Investor Members could be materially affected and could be materially lower than those projected by the Managing Members. In addition, the Managing Members may adjust targeted returns to reflect any changes in market conditions.

Risks Related to Real Estate Development

Construction Delays and Fluctuating Demand. Because of the long lead-time between the inception of a real estate project and its completion, a well-conceived project may, as a result of changes in real estate market, economic and other conditions prior to its completion (including as a result of the construction of competing projects), become an economically unattractive investment. In addition, real estate development involves the risk that construction may not be

completed within budget or on schedule because of cost overruns, unforeseen construction difficulties, work stoppages, shortages of building materials and/or labor, fluctuating prices and supply of building materials and/or labor, the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications, unanticipated weather or other factors. Any delay in completing a project may result in increased interest and construction cost, the potential loss of purchasers or tenants, increased competition from other projects and the possibility of defaults under project financings. In addition, the demand for quality commercial development projects is largely dependent upon the continued economic growth of the markets and sub-markets in which these projects are located. There can be no assurance that such economic growth or demand for such projects will continue in the markets in which the Company makes its Authorized Investments or that the actual market value of the real property securing the Company's Authorized Investments will not be less than the projected market value used in determining whether to make such Authorized Investments. Furthermore, increased real estate development in such markets may lead to periods of oversupply and result in excess supply and lower sale prices for real estate projects. Newly developed real estate projects may be disproportionately affected by fluctuations in demand and supply as they need to be sold in their entirety.

General Regulatory Considerations. The owners of the real estate development projects with whom the Company makes Authorized Investments may require the approval of, or compliance with, regulations of U.S. federal, state and local governmental and regulatory authorities and, in some cases, consents of third parties. There can be no assurance that any required approvals and consents will be obtained on a timely basis, if at all. Additionally, certain approvals previously received may be rescinded, conditions set forth in interim permits may delay the issuance of final permits, and litigation may arise with respect to interim or final permits. In addition to the foregoing, regulatory enactments, including various permit or licensing requirements, or changes in their interpretation by the applicable authorities, may limit the ability of the Company to develop, manage or dispose of Authorized Investments. In any such case, a borrower may be unable to repay the Company's Authorized Investment.

ITEM 9: DISCIPLINARY INFORMATION

KREEC has not been subject to any legal or disciplinary events that are material to its business or the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain management persons of KREEC are registered representatives of KeyBanc Capital Markets ("KBCM"), a registered broker dealer and an affiliate of KREEC.

KREEC and its management persons are not registered or in the process of registering as a futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of any of these.

KREEC is a wholly owned subsidiary of KeyBank.

We do not believe that our relationship with KeyBank create any material conflicts of interest; however, we recognize the potential for such conflict. For example, a number of our employees maintain securities licenses with an affiliate KeyBanc Capital Markets (“KBCM”). Additionally, KBCM provides oversight and governance of the Code of Ethics for “Covered” employees of KREEC. Consequently, we monitor all such potential conflicts proactively in accordance with policies and procedures designed to identify and prevent such conflicts. Activities are also monitored by compliance and audit personnel to verify compliance with those policies and procedures.

ITEM 11: CODE OF ETHICS

In accordance with the requirements of the Investment Advisers Act of 1940, as amended, (“Advisers Act”) that a registered investment adviser adopt a code of ethics with certain key provisions, KREEC has adopted KeyBanc Capital Market’s Personal Investment Policy (“PIP”) for all employees along with KeyCorp’s Code of Ethics (“Code”). The PIP describes our high standard of business conduct, and fiduciary duty to our clients. The PIP also includes provisions relating to the prohibition of insider trading and personal securities trading procedures, among other things. Also, as noted, our employees adhere to KeyCorp’s Code of Ethics. All employees must make certain acknowledgements as specified in the Advisers Act, regarding the terms of both the Code and PIP, as amended, annually.

The Code is designed to assure that the personal securities transactions, activities and interest of the employees will not interfere with (i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time, allowing employees to trade for their own accounts.

Certain KREEC employees must pre-clear personal transactions through the KBCM Control Room. The Control Room receives a copy of all covered employee confirmations from their respective broker. The Control Room compares all confirmations received with all pre-cleared trades.

You can obtain a copy of the Code and PIP by sending an email to kenneth.fox@keybank.com.

We do not recommend to clients the purchase or sale of our parent company’s securities.

ITEM 12: BROKERAGE PRACTICES

KREEC does not utilize brokerage services for co-management of the Company. The real estate loans contained in the Company are not registered securities; therefore do not trade on an exchange. The purchase and sale of real estate loans are facilitated between the Company and third parties in a private transaction.

ITEM 13: REVIEW OF ACCOUNTS

Accounts will be monitored regularly and reviewed on a bi-monthly basis to determine whether the account is being managed in a manner consistent with the client's stated objectives, investment guidelines and restrictions and risk tolerance. The primary reviewer(s) is/are the two members of the Investment Committee.

KREEC provides reports directly to Investor Members as described in its Operating Agreement. KREEC is not responsible for investor reporting on the CRE CDO.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

KREEC has not entered into any solicitation agreements.

ITEM 15: CUSTODY

All Company assets are held in custody by an unaffiliated qualified custodian. However KREEC is deemed to have custody of assets contained in the Company and CRE CDO since a KREEC serves as Managing Member of each. Investor Members do not receive account statements from the custodian; rather, the Company and CRE CDO are subject to an annual audit, and audited financial statements are distributed to each Company investor.

Wells Fargo Bank is the custodian of record. KREEC sends Investor Members quarterly account statements.

ITEM 16: INVESTMENT DISCRETION

KREEC will retain full co-discretionary authority to manage investment accounts on behalf of the Company. We take co-responsibility for selecting loans for investment. Investor Members give authority to the Managing Members in the Company's Operating Agreement and related subscription materials.

ITEM 17: VOTING CLIENT SECURITIES

As an adviser to clients that invest in real estate related securities, KREEC's investment strategies do not generally involve the acquisition of securities with voting authority, but KREEC will have co-voting authority on some loans. For securities with voting rights, KREEC will have the authority to vote proxies and will do so in accordance with the fiduciary obligations that apply with respect to voting client securities.

Every investment adviser that exercises proxy voting authority over client securities must adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Further, the adviser must provide a concise summary of the adviser's proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Finally, an adviser must disclose to clients how they may obtain information on how the adviser voted their proxies.

It is KREEC's policy to exercise voting rights using the standard of care provided above. To that end, KREEC will vote within client-stated guidelines, if any, and in a way that it believes, consistent with its fiduciary duty.

If KREEC determines that a material conflict of interest exists in voting client proxies, then KREEC will, at its expense, engage the services of an outside proxy voting service or consultant who will provide an independent recommendation on how to vote regarding the proposal. The proxy voting service or consultant's determination will be binding on KREEC.

Clients and Investor Members may obtain a copy of the Proxy Voting Policy and Procedures and the proxy voting record relating to a client by contacting KREEC at the address or telephone number listed on the Cover Page of this brochure.

The Company has voting rights on most loans in its role as a bank group member, or as the sole lender in a loan. These voting rights are generally applicable to certain major decisions and the Company's vote counts towards its pro rata share of the outstanding loan balance. Major decisions generally consist of pursuing rights and remedies in the event of default, waiver of breaches or covenants to the loan, modifications to the rate of interest or term of the loan, or any other major change to the business nature of the loan. Typically a 2/3's majority is required for most decisions, but in some cases, unanimous votes are required.

ITEM 18: FINANCIAL INFORMATION

We do not require or solicit prepayment of client fees.

We have shared discretionary authority over Company assets. There are no current financial conditions that would likely impact our ability to meet our contractual obligations to manage the investment of Company assets.

We have not been subject to a bankruptcy petition at any time during the past ten years.