

# **TPG REAL ESTATE ADVISORS, LLC**

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Part 2A of Form ADV: Firm Brochure  
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**This brochure provides information about the qualifications and business practices of TPG Real Estate Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (817) 871-4000. 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.**

**Additional information about TPG Real Estate Advisors, LLC also is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**An investment adviser's registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.**

## **Item 2 – Material Changes**

This Brochure, dated August 7, 2014, serves as an update to TPGRE’s Brochure dated February 28, 2014 (the “Prior Brochure”). This Brochure contains routine updates to the Prior Brochure.

Furthermore, the assets under management in Item 4 have been updated.

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#### **Item 4 – Advisory Business**

For purposes of this brochure, “TPGRE” or the “Registrant” means TPG Real Estate Advisors, LLC, together (where the context permits) with TPGRE subsidiaries that provide investment advisory services. TPGRE provides investment advisory services to pooled investment vehicles that are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) and may provide investment advisory services to certain individual investors through separately managed account arrangements (collectively, the “Funds”). The investors in the Funds are primarily “qualified purchasers,” as defined in the Investment Company Act, and may include, among others, high net worth individuals, sovereign wealth funds, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, limited partnerships and limited liability companies.

TPGRE may also serve as the adviser of entities that act as feeder vehicles into certain Funds. Additionally, in order to meet tax, regulatory or other requirements, certain investors may invest in substantially the same portfolio as the applicable Funds through specially formed investment vehicles, which also are advised by TPGRE.

TPGRE from time to time also may form capital around a particular strategy or theme, or may establish, on a transaction-by-transaction basis, investment vehicles and accounts through which certain persons may generally invest alongside one or more Funds (each such pooled investment vehicle and account, a “Co-Investment Vehicle”). When a Co-Investment Vehicle is established for a particular transaction, it will not necessarily invest in the transaction on the same terms as the applicable Fund that also is invested in such transaction.

The only advisory clients of TPGRE are the Funds and certain Co-Investment Vehicles (collectively, the “TPGRE Vehicles”).

TPGRE was formed as a Delaware limited liability company in 2013. The ultimate principal owners are David Bonderman and James Coulter.

As an investment adviser, TPGRE identifies investment opportunities and participates in the acquisition, management, monitoring and disposition of investments for TPGRE Vehicles. TPGRE’s investment advisory services include private equity and debt investments in a range of real estate-related strategies, including private platform, corporate control, and public company investments (including PIPEs, corporate “carve-outs” and public-to-private transactions) relating to, among other things, office, industrial, retail, condominium, apartment, single-family residential, and assisted living properties in the United States and certain non-U.S. jurisdictions. Such investments may take the form of a variety of instruments, including bonds, equities and other securities (including asset-backed and other structured securities), loans (including bank loans), receivables, assets, claims, derivatives (including those that derive their value from the foregoing), all from a broad range of issuers and counterparties, and in each case to the extent consistent with the applicable TPGRE Vehicle’s investment objectives and strategies (please see *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*, below). TPGRE generally provides investment advisory services to each TPGRE Vehicle pursuant to a separate advisory services agreement (each, an “Advisory Services Agreement”). The terms of the investment

advisory services to be provided by TPGRE to a TPGRE Vehicle are set forth in the applicable Advisory Services Agreement. Investment guidelines for the TPGRE Vehicles, if any, are generally established in the organizational or offering documents of the applicable TPGRE Vehicle and/or side letter agreements negotiated with investors in the applicable TPGRE Vehicle. Investment advice is provided directly to the TPGRE Vehicles, and not individually to the investors in the TPGRE Vehicles.

TPGRE or its related entities also may enter into side letter agreements (“Side Letters”) with certain investors in the TPGRE Vehicles providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, excuse rights, and liquidity or transfer rights. TPGRE and its related entities have no obligation to disclose or offer all such additional rights, terms or conditions, to any other investor in such TPGRE Vehicles, except to the extent required by the organizational or offering documents of the applicable TPGRE Vehicle. Once invested in a TPGRE Vehicle, investors generally cannot impose additional investment guidelines or restrictions on such TPGRE Vehicle.

As of August 1, 2014, TPGRE managed on a discretionary basis a total of \$408,000,000 of client assets.

## **Item 5 – Fees and Compensation**

TPGRE generally receives asset-based investment management fees from the applicable TPGRE Vehicle pursuant to each Advisory Services Agreement. Management fees paid by a TPGRE Vehicle are indirectly borne by investors in such TPGRE Vehicle. The TPGRE Vehicles’ management fees are deducted from TPGRE Vehicle assets and are generally payable quarterly in advance. The amount of any TPGRE Vehicle’s investment management fee is prorated for periods of less than a full billing cycle at the beginning or end of the provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of investment advisory services.

The precise amount of, and the manner and calculation of, the management fees for each TPGRE Vehicle are established by TPGRE, as modified by negotiations with investors in the applicable TPGRE Vehicle, and are set forth in such TPGRE Vehicle’s Advisory Services Agreement, organizational documents, offering documents and/or other documentation received by each investor prior to investment in such TPGRE Vehicle (together with any applicable side letters, “Governing Documents”).

Expense reimbursements (including, among other things, expenses related to in-house services and employees or consultants providing accounting, tax or operational support, specialized operations/consulting services, regulatory or legal advice, or related or similar services to the TPGRE Vehicles or their portfolio investments) may be payable by the TPGRE Vehicles or their portfolio investments to TPGRE or its affiliates. These Fund expense reimbursements are generally disclosed to investors under the Governing Documents. See “Real Estate Services Providers” in Item 11, below. These expense reimbursements are in addition to the investment management fees discussed above. Consistent with the Governing Documents of the Funds, each Fund also generally bears all of the expenses relating to its activities, operations, meetings,

termination and liquidation (other than expenses resulting from the fraud, gross negligence or willful misconduct of its general partner or TPGRE) including, without limitation, fees, costs and other expenses directly related to the discovery, investigation, negotiation, structuring, making, holding, developing, operating, managing, monitoring, and disposing of portfolio investments (including potential investments that are not consummated); travel expenses; fees and expenses of custodians, advisors, consultants, economists, outside counsel, accountants, auditors and third party valuation agents; expenses relating to the meetings and activities of a Fund's advisory committee; the cost of insurance; fees and expenses of services engaged to provide assets management, due diligence, underwriting, asset servicing, operational or other services with respect to portfolio investments; sales, leasing and brokerage commissions and any other investment costs actually incurred in connection with actual portfolio investments; clearing and settlement charges; principal, interest, fees and other expenses in connection with or arising out of all indebtedness and borrowings made by the Fund including the arranging thereof; any taxes, fees or other governmental charges levied against the Fund; expenses relating to any audit, investigation, governmental inquiry or public relations undertaking; fees, costs and other expenses relating to compliance with regulatory requirements applicable to the Fund; costs and other expenses of any litigation relating to the activities or operation of the Fund and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the Fund (including indemnification paid in accordance with the Fund's partnership agreement, any extraordinary expenses or liabilities relating to the affairs of the Fund, and any similar obligations); expenses of winding up and liquidating the Fund; and all third party fees, costs and other expenses related to any of the foregoing.

With respect to Co-Investment Vehicles, any fees to be received by TPGRE are generally negotiated on a vehicle-by-vehicle basis, but may include asset-based fees and expense reimbursements or non-advisory administrative fees similar to those described above for the Funds.

In addition, TPGRE or the affiliated general partners of the TPGRE Vehicles may receive customary transaction fees, acquisition and disposition fees, monitoring and directors' fees, organization, financing, divestment, break-up and topping fees, commitment fees, financial consulting fees, management fees, origination fees and other fees ("Other Fees") for services provided to portfolio investments of the TPGRE Vehicles related to the making, disposition or management of portfolio investments by the TPGRE Vehicles ("Related Services"). Generally, under the terms of the Governing Documents, these fees are net out-of-pocket costs and expenses incurred by TPGRE in connection with consummated or unconsummated transactions. These fees may be substantial, may be paid in cash, in securities of the portfolio investments or investment vehicles (or rights thereto) or otherwise, and are generally not negotiated on an arm's length basis. Although these fees for Related Services are in addition to the management fees, TPGRE will in some circumstances be obligated to reduce the amount of management fees paid by the applicable TPGRE Vehicle by an amount equal to all or a portion of such fees for Related Services. The specific amount and manner of such reduction is generally set forth in the Governing Documents of the applicable TPGRE Vehicle. Furthermore, a TPGRE Vehicle will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee allocable to another entity, including, if applicable, a Co-Investment Vehicle. As some TPGRE Vehicles do not pay management fees (e.g., certain Co-Investment Vehicles), any such reduction will not benefit such TPGRE Vehicles. Additionally, a portfolio investment

may reimburse TPGRE for expenses incurred by TPGRE in connection with its performance of services for such portfolio investment (including, without limitation, travel expenses, which may include expenses for business or first class travel, and meals and entertainment expenses), and such reimbursements are not subject to the reduction arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

From time to time, TPGRE may (in its sole discretion), agree to pay a portion of a transaction or other fee received from an actual or prospective portfolio investment to a third party ("Third Party Fee"), such as a consultant, advisor, finder, broker, and/or investment bank. In such event, the Third Party Fee is not a fee that TPGRE is entitled to retain and therefore, TPGRE is not required under the terms of the applicable organizational documents to share the Third Party Fee with the TPGRE Vehicles.

In addition, related persons of TPGRE may receive stock of a portfolio investment as an Other Fee due to service of such related persons on the board of such portfolio investment. In the event of such a distribution or receipt of stock, the recipient, with respect to stock received as an Other Fee, may act in their own interest with respect to the share of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as such recipient shall determine. The ability of such recipients with respect to stock received as an Other Fee, to act in their own interest with respect to such distributed shares creates a conflict of interest between TPGRE, as an adviser to the TPGRE Vehicle, and its related persons, on the one hand, and the TPGRE Vehicle.

The Registrant has an affiliate, TPG Capital BD, LLC ("TPG BD"), which is a broker-dealer registered with the Securities and Exchange Commission and a FINRA member. TPG BD places securities and instruments issued by certain private investment funds that TPGRE and related entities manage individually or through their principals, as well as securities and instruments issued by other entities not related to TPGRE or its related entities. In addition, TPG BD may participate in underwriting syndicates and/or selling groups with respect to the securities and instruments of portfolio investments of certain TPGRE Vehicles or may otherwise be involved in the public or private placement of such securities or instruments and the syndication of opportunities to co-invest in portfolio investments alongside certain TPGRE Vehicles and third parties, and/or may provide advisory services to such portfolio investments. TPG BD does not expect to be the lead underwriter in such syndicates or groups. In connection with these transactions, TPG BD may directly or as part of an underwriting syndicate buy from such portfolio investments of TPGRE Vehicles the securities issued. TPG BD may also, in some cases, act as a broker in transactions on behalf of TPGRE Vehicles. Also, TPG BD or other affiliated entities may, alone or with other parties, arrange lines of credit to TPGRE Vehicles, portfolio investments of TPGRE Vehicles and third-party borrowers. TPG BD and other affiliates of TPGRE may receive fees, commissions and other compensation in respect of the activities described above. While such fees, commissions and other compensation are believed by TPGRE to be reasonable and generally charged at rates that TPGRE believes are at market rate for the relevant activities, such compensation may not in each case be negotiated at arm's length and from time to time may be in excess of fees, commissions or other compensation that may be charged by an unaffiliated party. TPGRE Vehicles generally will not have the right to

share in, or have management fee offsets for, any compensation received by TPG BD. See Item 11 below for more information regarding TPG BD.

Additionally, portfolio investments of TPGRE Vehicles may also be counterparties or participants in agreements, transactions or other arrangements with portfolio investments of other TPGRE Vehicles or vehicles advised by affiliates of TPGRE that may involve fees and/or servicing payments to TPGRE or its affiliates. For example, portfolio investments are generally afforded the option (but are not required to) participate in a program with TPGRE, its affiliates and other portfolio investments pursuant to which consultants of an affiliate of TPGRE negotiate favorable procurement arrangements. As part of this program, an affiliate of TPGRE receives fees from portfolio investments choosing to participate in the program (such fees being designed to cover the cost of administering the program) and TPGRE and its affiliates are entitled to the favorable procurement terms. These fees generally are not subject to advisory fee offsets or otherwise shared with the relevant TPGRE Vehicles.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Funds generally allocate a portion of their investment profits to their general partners, which are affiliated with TPGRE, as a carried interest, as set forth in each Fund's Governing Documents. Co-Investment Vehicles also, in some cases, may allocate a portion of the Co-Investment Vehicles' investment profits to their general partners, which are affiliated with TPGRE, as a carried interest, as set forth in the relevant organizational documents for the Co-Investment Vehicles. Such general partners' entitlement to performance-based distributions may create an incentive for TPGRE to take risks in advising the TPGRE Vehicles that it would not otherwise take in the absence of such arrangements.

Additionally, the allocation of carried interests at different rates, or subject to different hurdle rates, may create an incentive for TPGRE or its affiliates to disproportionately allocate time, services or functions to vehicles allocating carried interests at a higher rate (or subject to a lower hurdle rate), or to allocate investment opportunities to such vehicles. However, TPGRE and its affiliates have adopted policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that TPGRE believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion.

#### **Item 7 – Types of Clients**

See Item 4 – Advisory Business.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

##### ***Methods of Analysis and Investment Strategies***

TPGRE primarily pursues a strategy of focusing on investments in property-rich platforms and companies at valuations that reflect discounts to underlying net asset values. In the future, TPGRE may pursue other real estate-related strategies as well.



Through its theme-based approach and proactive sourcing of potential investment opportunities, TPGRE seeks to capitalize on misunderstood or distressed situations where such discounted valuations can be achieved. The following four strategic tenets are central to TPGRE's investment strategy:

Emphasis on asset-rich platform investing. TPGRE focuses on investments in property-rich platforms and real estate-intensive operating companies. TPGRE seeks to execute such investments at attractive valuations that often reflect discounts to underlying net asset values because: (i) the acquisition process is often less competitive than individual property purchases, as there are fewer capable acquirers given the capital requirements, transaction complexity, and operational intensity of such platforms; (ii) the scale and complexity of these businesses may obscure full value of the companies' underlying properties, creating a favorable valuation dynamic for the buyer; (iii) dedicated company management teams are better aligned with owners than is often the case with the traditional "operator" model in which multiple fiduciary relationships may result in conflicting allegiances; (iv) there are often meaningful value creation opportunities beyond the asset level through improved operations, accretive "add-on" acquisitions, and greater financing flexibility; and, (v) corporate platforms often present varied exit alternatives that can optimize value, including initial public offerings and subsequent stock sales, sales to strategic buyers, and property or portfolio dispositions.

Focus on distressed and misunderstood opportunities where the underlying real estate is favorably valued. TPGRE seeks to capitalize on distressed and misunderstood investment opportunities, often leveraging its in-house bankruptcy and restructuring expertise. Financial distress and company-specific operational challenges often create acute needs for equity capital and can obscure full value of high-quality underlying real estate assets. Additionally, through its thematically driven sourcing initiatives, TPGRE actively identifies situations where it believes the market is undervaluing a specific company or asset based on TPGRE's proprietary market or sector outlook. TPGRE believes that these circumstances give rise to investment opportunities that enable TPGRE to acquire underlying real estate properties at attractive valuations.

Bias toward sourcing larger transactions where structural complexity and scale create favorable transaction dynamics. TPGRE expects to focus on corporate platforms and other large-scale transactions with expected total equity requirements of greater than \$100 million per investment. Given this targeted size range, TPGRE believes that it is able to invest significant capital efficiently, while maintaining a highly selective investment process and strong focus on maximizing value in every investment. TPGRE believes large-scale portfolios can often be priced more attractively than if the same properties were priced and purchased individually. Furthermore, large transactions often involve situational and structural complexity, requiring significant human resources, M&A expertise, regulatory sophistication, and patience. These challenges frequently create compelling opportunities that, in many cases, are significantly less competitive than more straightforward, accessible opportunities.

Emphasis on investments where operational improvement can affect meaningful value creation. TPGRE intends to target investments where its active involvement as owners or shareholders can meaningfully improve operating performance of the underlying assets and/or the operating platform itself. While day-to-day responsibility for much of this operational improvement falls to the dedicated management teams associated with most investments, TPGRE and its affiliates

(collectively, “TPG”) seek to impact operational performance and results. This impact is generally effected through four different means of engagement: (i) orchestrating corporate “carve-outs”, including the establishment of core business processes, financial management systems, and other corporate infrastructure supporting independent operations; (ii) driving key strategic initiatives, including acquisitions, other capital investments, and capitalization decisions through active board service; (iii) spearheading discrete elements of operational improvement initiatives, primarily with regard to real estate-intensive operating businesses through the direct involvement of TPG’s operations group and other professionals; and, (iv) enhancing management team effectiveness through targeted executive recruitment, retention, and compensation programs.

In executing investments consistent with the strategic tenets highlighted above, TPGRE generally focuses on four key transaction types through which it seeks to capitalize on compelling investment opportunities:

- Corporate “carve-outs” – Acquisitions of real estate companies whose parent entities are motivated to divest non-core assets and businesses due to strategic directives or balance sheet pressures, among other reasons.
- Restructuring and debt-driven acquisitions – Corporate and property acquisitions effected through restructuring and recapitalizing over-levered, distressed capital structures (including non-performing loans).
- Public company recapitalizations – Acquisitions of, and investments in, public companies capitalizing on the volatility, valuation anomalies, and idiosyncratic preferences of the public markets.
- Operational turnarounds – Acquisitions of undermanaged and underperforming real estate assets and platforms where significant operational improvement will materially drive performance.

### ***Material Risks of Significant Investment Strategies***

The investment strategies described above, and other strategies that may be pursued by the TPGRE Vehicles, involve a substantial degree of risk, and the TPGRE Vehicles may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable TPGRE Vehicle’s offering documents and representatives of TPGRE or its affiliates are available to discuss with potential investors risks involved in the strategies pursued by a TPGRE Vehicle. Such material risks include the following:

Nature of Investment. An investment in a Fund is speculative, requiring a long-term commitment, with no certainty of return. Since a Fund may only make a limited number of investments, and since many of a Fund’s investments may involve a high degree of risk, poor performance by a few of the investments could significantly reduce the total returns to a Fund’s investors. No assurances can be given that a Fund’s investment objectives will be achieved or that investors will receive a return of any of their capital.

Potential Lack of Diversification. While diversification is an objective of each Fund, there is no assurance as to the degree of diversification that will actually be achieved in a Fund's portfolio. Because a significant amount of a Fund's aggregate commitments, subject to any limitations in a Fund's Governing Documents, may be invested in any single portfolio investment without the approval of the a Fund's advisory committee, a loss with respect to any single portfolio investment could have a significant adverse impact on a Fund's returns as described above. Even if a Fund achieves significant diversification, such diversification may not provide meaningful risk control, and may reduce a Fund's profit potential as a result of certain investments being unprofitable while others are profitable.

Furthermore, if a Fund either co-invests with other investment funds or invests in properties whose debt or equity interests are owned by other investment funds, an investor who is also an investor in such other investment fund may have exposure to an investment (in the form of equity and/or debt securities or loans) through more than one fund. Therefore, an investor should only invest in a Fund as part of an overall investment strategy, and only if the investor is able to withstand a total loss of its investment.

Newly Formed; Past Performance. Funds may have little or no operating history on which prospective investors may base an evaluation of likely performance. There can be no assurance that a Fund's investments will perform as well as the past investments of other affiliated funds or that a Fund will achieve its intended rate of return or fully invest its committed capital.

Market Conditions. A Fund's performance will be materially affected by conditions in the real estate and financial markets and economic conditions throughout the world, including regulatory intervention and policies, interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, commodity prices, currency exchange rates and controls, and national and international political circumstances. Difficult market conditions may adversely affect a Fund by reducing the value or performance of the portfolio investments or by reducing its ability to raise or deploy capital, each of which could negatively impact the returns to Investors.

Reliance on TPG Real Estate Management. The success of a Fund will depend in large part upon the skill and expertise of a Fund's general partner, TPGRE, and other TPG professionals. There can be no assurance that any individual professional will continue to be associated with a Fund or that TPG will continue to be able to recruit, retain, and motivate qualified professionals. There is competition among alternative asset firms, financial institutions, private equity firms, investment managers, and other industry participants for hiring and retaining qualified investment professionals. Should any of these professionals join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of a Fund, a Fund's performance could be adversely affected.

If legislation were to be enacted to treat carried interest as ordinary income rather than capital gain, the amount of taxes that the recipients of a Fund's distributions of carried interest would be required to pay with respect to their carried interest would materially increase, thereby adversely affecting the ability of TPG to offer such attractive incentive opportunities.

In addition, TPGRE's investment strategies in certain investments may depend on its ability to enter into relationships with joint venture or operating partners. There can be no assurance that TPGRE's current relationship with any such person will continue with respect to a particular Fund or that any relationship with other such persons will be able to be established in the future and on terms favorable to a Fund.

Reliance on the Management of Portfolio Investments. Although it is TPGRE's intention to ensure that a Fund's portfolio investments have strong management teams, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio investments successfully. In addition, instances of fraud and other deceptive practices committed by the management team of portfolio investments may undermine TPGRE's due diligence efforts with respect to such investments. If such fraud is discovered, it could adversely affect the valuation of a Fund's investments and may contribute to overall market volatility that can negatively impact a Fund's portfolio.

Additionally, portfolio investments need to attract, retain, and develop executives and members of their management teams. There can be no assurance that portfolio investments will be able to attract and develop suitable members of their management team. As a result, the Fund may be adversely affected.

Valuations. Funds will hold positions in non-marketable investments or other investments for which independent quotations are unavailable or are not reliable indications of the fair value of a Fund's position. The process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed on such investments by other investors and from prices at which such investments may ultimately be sold. In addition, third-party pricing information may at times not be available regarding certain of a Fund's assets or, if available, may not be considered reliable. Funds are not required to obtain independent appraisals or valuations of any such positions. Valuations of a Fund's investments will be determined by such Fund's general partner in its sole discretion and will be final and conclusive for all partners. This uncertainty of valuations could limit the ability of a Fund's investors to gauge such Fund's ongoing performance.

Competition for Investments. TPGRE expects to encounter competition from entities having similar investment objectives or strategies to those of the Funds. Potential competitors include other investment funds, publicly traded real estate investment trusts ("REITs"), financial institutions (such as mortgage banks and pension funds) and other financial investors investing directly or through affiliates, as well as individuals and other institutional investors. Certain of these entities may possess competitive advantages over a Fund in pursuing investment opportunities, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital, and access to funding sources unavailable to a Fund. In addition, over the past several years, many real estate investment funds and publicly traded REITs have been formed, and others have been consolidated or grown substantially in size, for the purpose of investing in real estate assets. Additional real estate funds and REITs with similar investment objectives will likely be formed in the future by other unrelated parties and further consolidations may occur, resulting in larger funds and vehicles and further increased competition for Funds.

Sourcing of Investments. TPGRE expects to source a substantial volume of its investment opportunities through various TPG platforms, personnel, and other relationships. To the extent these sourcing channels do not present TPGRE with a sufficient volume of investment opportunities, or the opportunities presented are not suitable for investment by a Fund, such Fund's performance may be materially adversely affected.

Conflicts; Fees for Real Estate Services. TPG retains employees and consultants to provide services to, or in connection with, a Fund or one or more portfolio investments. These employees and consultants will receive fees in connection with the services they provide. See Item 11 for a discussion of these conflicts.

Certain employees and consultants to the Funds and their portfolio investments, or their affiliates, may also provide goods or services to or have other relationships with TPG. These other services and relationships may influence the a Fund's general partner in deciding whether to select such a provider to perform services, either in place of or in addition to, third-party service providers for a Fund or a portfolio investment (the cost of which will generally be born directly or indirectly by such Fund).

Co-Investment Warehousing. A Fund may temporarily warehouse a portion of an investment opportunity in order to facilitate a co-investment by one or more affiliated or third-party co-investors. If such co-investment is not ultimately consummated, the Fund may end up holding a larger portion of such investment than it otherwise expected or desired to hold. The risk of a co-investment not being consummated may increase in the event an investment decreases in value during the warehousing period, and a Fund may be required to bear the losses in connection with any such investment.

Risk of Leverage. A Fund's portfolio investments will often borrow funds or enter into other financing arrangements. The use of borrowed funds creates the opportunity for greater total returns, but at the same time involves risks. Because a Fund's portfolio investment may be required to pay principal of, or interest on, its borrowings prior to making any distributions to such Fund, an increase or decrease in capital or income of the portfolio investment will have an increased effect on the returns to the Fund. Leverage will increase the exposure of a portfolio investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio investment. In addition, a Fund may guarantee portfolio investment indebtedness.

A portfolio investment's ability to obtain financing may be adversely affected if the capacity of the portfolio investment or lenders is impaired by unfavorable economic conditions or changes to the laws and regulations governing their operations. For example, the portfolio investment's lenders may have the ability to terminate or reduce available financing in the event that there is a material adverse change in market conditions. These factors may also impact the terms on which the portfolio investment is able to borrow, and lenders may have rights to discontinue lending arrangements or require the portfolio investment to post additional collateral. A portfolio investment may also rely on short-term financing arrangements and will be dependent on lenders renewing such arrangements on maturity.

In the event that a portfolio investment's financing arrangements are terminated or not renewed beyond their initial terms, the portfolio investment may need to seek additional or replacement financing expeditiously in order to meet its repayment or other contractual obligations. The portfolio investment may only be able to obtain necessary financing at considerable extra cost, if at all.

An inability of a Fund's portfolio investment to obtain a desired amount of leverage may limit the Fund's overall investment exposure, thereby potentially reducing the Fund's performance. The use of leverage entails interest, transaction and other costs. The use of leverage will decrease investment returns if the cost of such leverage is not recovered.

To the extent a Fund borrows or guarantees indebtedness, it will be subject to risks similar to those described above. Investors may be required to execute documents or provide financial information in connection with Fund borrowings.

Bridge Financings. From time to time, a Fund may lend to one of its properties or investments on a short term, unsecured basis in anticipation of a future issuance of equity or long term debt securities. Such bridge loans would often be convertible into a more permanent, long term security. However, for reasons not always in a Fund's control, such long term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the loans made by the Fund.

Confidential or Material Non-Public Information. By reason of their responsibilities in connection with their other activities, certain senior professionals of TPGRE and other TPG senior professionals may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. Funds 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.

TPG does not currently maintain informational firewalls among most of its businesses and, for purposes of investing in securities and other instruments, confidential information with respect to an issuer or an investment received by one investment team within these businesses generally will be imputed to all investment teams "inside the wall". TPG, its funds and other affiliates of TPGRE, and any Fund's general partner regularly obtain confidential information and enter into confidentiality agreements that may bind them to not only keep information confidential but also to "stand still" and comply with other restrictions. These activities may prevent a Fund from acquiring or disposing of investments in an issuer, potentially for extended periods.

In addition, a Fund, its general partner and their affiliates may enter into confidentiality agreements with third parties, which may restrict their ability to share with investors information relevant to such Fund, including with respect to portfolio investments.

Changing Regulatory Landscape. The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight.

The passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Pursuant to the Dodd-Frank Act, the SEC has adopted rules that require additional reporting by registered investment advisers to private funds, which have added costs to the legal, operations and compliance obligations of the Funds, their general partners, and TPGRE and have increased the amount of time that TPGRE spends on noninvestment-related activities.

The Dodd-Frank Act affects a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies and broker-dealers, futures commission merchants and swap dealers. Regulatory changes that will affect other market participants are likely to change the way in which the Fund conducts business with counterparties. It is difficult to anticipate the impact of these and other regulatory changes on a Fund and its general partner. It may take years to understand the impact of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile, and it may be more difficult to execute the investment strategy of a Fund.

The implementation of the European Union’s Directive 2011/61/EC on Alternative Investment Fund Managers (the “AIFM Directive”) may have an adverse effect on the continued operation of a Fund where limited partner interests are offered to or placed with investors in any European Economic Area (“EEA”) Member State where the AIFM Directive has been implemented. The AIFM Directive applies to the manager of any investment fund that is not authorized under the Undertakings for Collective Investment in Transferable Securities Directive (an “AIF”) or does not otherwise fall within a relevant exclusion under the AIFM Directive (an “AIFM”). Beginning in 2015, it may be possible for certain third country AIF Managers to market funds actively in any EEA Member State on the basis of a pan-EU “passport” subject to authorization of the AIFM in an EEA Member State and compliance by the AIF general partner and manager with all relevant provisions of the AIFM Directive.

A Fund’s general partner may be more restricted in marketing the Fund to investors who are domiciled or have a registered office in any EEA Member State where the AIFM Directive is in force than was the case before its implementation. Although it is fully expected that a full range of suitable cooperation agreements will be in place between the home state regulators of a Fund, its general partner, and TPGRE and each relevant EEA Member State jurisdiction, which would enable the general partner and TPGRE to offer and place limited partner interests, if the relevant agreements are not in place in a particular EEA Member State when the AIFM Directive is implemented, the general partner and TPGRE may not be able to offer limited partner interests to investors in such EEA Member State. This could limit the Fund’s ability to attract investors, resulting in a reduction in the overall amount of capital raised by such Fund which limits the range of investment strategies and investments that the Fund is able to pursue and make.

A Fund’s general partner and TPGRE will be required to comply with additional initial disclosure, annual reporting and regulatory filing requirements in relation to a Fund and in certain EEA Member States may be required to comply with registration requirements, including the requirement to appoint a depositary. Compliance with these requirements may result in additional costs to the applicable Fund, reducing the returns for investors. The need to comply

with any such registration requirements may delay the fundraising process, thereby reducing the speed with which the Fund's general partner and TPGRE can deploy the capital raised.

The AIFM Directive will impose certain requirements and restrictions on a Fund where the Fund acquires control of a portfolio investment in an EEA Member State. These requirements will include making certain notifications and disclosures where a Fund acquires or disposes of shares in an EEA portfolio investment. The restrictions will include restrictions on the extent to which a Fund can bring about or support distributions, acquisition of shares or reductions in the capital of an EEA portfolio investment. These requirements and restrictions may limit the use of certain investment and realization strategies, such as dividend recapitalization and reorganizations. These requirements and restrictions may also place a Fund, its general partner, and TPGRE at a disadvantage as against competitors that do not use a fund structure or whose fund(s) have not been marketed in any EEA Member State. In addition, compliance with these requirements and restrictions may result in additional costs to a Fund, reducing the returns for investors.

There is still some uncertainty as to the manner in and extent to which the AIFM Directive is being implemented in various EEA Member States. This uncertainty increases the risk of a breach by a Fund's general partner and TPGRE in an EEA Member State of the requirements imposed by the AIFM Directive. Such a breach may result in a regulatory authority or court in that or another EEA Member State requiring the general partner and TPGRE to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against a Fund, its general partner, or TPGRE. This may result in a reduction in the overall amount of capital available to a Fund, which may limit the range of investment strategies and investments that the Fund is able to pursue and make or otherwise result in a loss to the Fund.

Potential Reporting Obligations; Other Regulatory Regimes. Acquisitions by a Fund of equity securities may result in reporting and compliance obligations under the Exchange Act and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or their equivalent regimes in non-U.S. jurisdictions. Portfolio investments may also subject a Fund and, in limited circumstances, its partners, to other regulatory and reporting requirements. Investments in the communications, insurance and mortgage industries could require a Fund to secure regulatory approvals or licenses, or to disclose information about itself or its equity holders. For example, a Fund may need to obtain state licenses to purchase and hold mortgage loans. Applying for and obtaining these licenses could take several months and there is no assurance a Fund will obtain all desired licenses, in which case its investment options could be restricted. In addition, a Fund will be subject to tax reporting requirements in the United States and possibly in other jurisdictions. The costs of compliance will be borne by such Fund.

Illiquidity; Limited Market for Fund Investments. Most, if not all, of a Fund's portfolio investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize on such portfolio investments in a timely manner. An investment in a Fund requires a long-term commitment, which may extend beyond the initial term of such Fund as provided in the Fund's Governing Documents, with no certainty of return. Although portfolio investments may generate some current income, the return of capital and the realization of gains, if any, from a portfolio investment will generally occur only upon the partial or complete disposition or refinancing of such portfolio investment. While a portfolio investment may be sold at any time, it is not generally expected that this will occur for a number of years after the portfolio



investment is made. Furthermore, it is unlikely that there will be a public market for the portfolio investments at the time of their acquisition. A Fund, its general partner, and TPGRE generally will not be able to sell portfolio investments publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In some cases, a Fund may be prohibited by contract or legal or regulatory reasons from selling certain portfolio investments for a period of time.

**Risk Management; Operational Controls.** Although TPGRE and each Fund's general partner will seek to manage investment risks by employing appropriate due diligence, analysis and pricing models prior to a Fund's investment in a portfolio investment, there is no assurance that these methods will expose all the considerations relevant to the investment decision. Further, the operational controls and risk management techniques used by TPGRE and a Fund's general partner involve third parties over whom the TPGRE and such general partner do not exercise control, including outsourced providers of fund administration and custody services. The proper operation of a Fund and safekeeping of a Fund's assets depends on the performance and financial wherewithal of these third parties. The operational controls and risk management techniques used by the TPGRE and a Fund's general partner also necessarily include subjective elements, making the judgment and discretion of TPGRE and such general partner's investment professionals, and TPG's "federation" (i.e., control-side) professionals, fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for TPGRE and a Fund's general partner to control for risk, which in turn increases the likelihood of unpredictable results with respect to a portfolio investment and a Fund's overall performance.

**Contingent Liabilities.** From time to time, a Fund may incur contingent liabilities in connection with an investment. For example, a Fund may enter into agreements pursuant to which it guarantees the indebtedness of a portfolio investment. In connection with the disposition of a portfolio investment, a Fund may be required to make representations about the business and financial affairs of such investment typically made in connection with the sale of assets or a business (such as environmental, property, tax, insurance and litigation), and may be required to indemnify the purchasers of such investment to the extent such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the applicable Fund's general partner may establish reserves or escrows. In that regard, a Fund's investors may be required to return amounts distributed to them to fund Fund obligations, including indemnity obligations, subject to certain limitations as set forth in a Fund's Governing Documents. A Fund may incur numerous other types of contingent liabilities, and there can be no assurance that such Fund will adequately reserve for its contingent liabilities or that such liabilities will not have an adverse effect on the Fund.

**Nature of Real Estate Investments Generally.** The Funds' portfolio investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. Deterioration of real estate fundamentals generally, and in North America and Europe in particular, may negatively impact the performance of the Fund. Additional risks include, but are not limited to, those associated with the burdens of ownership of real property, general and local economic conditions, changes in environmental and zoning laws, uninsured or uninsurable losses, regulatory limitations on rents, decreases in property values, changes in tenant demand, changes in supply of and demand for competing properties in a particular area,

fluctuations in the rates and occupancy for hotel properties, changes in housing policy, the financial resources of tenants, changes in availability of debt financing which may render the sale or refinancing of properties difficult or impracticable, changes in building and similar laws, energy and supply shortages, terrorist attacks, war, natural disasters and other “acts of God”, changes in real property tax rates and operating expenses, changes in interest rates, and the availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, environmental liabilities, contingent liabilities on disposition of assets, and other factors that are beyond the control of TPGRE. Most of the potential portfolio investments will be difficult to value, and if TPGRE’s opinion as to the value of an investment is incorrect or not shared by other market participants, a Fund’s returns will be adversely affected.

There can be no assurance that there will be a ready market for the resale of portfolio investments because portfolio investments will generally not be liquid. Illiquidity may result from the absence of an established market for portfolio investments, as well as legal or contractual restrictions on their resale by the applicable Fund. In addition, potential purchasers of portfolio investments may have different views as to the value of the investments, such that a Fund is unable to dispose of investments at the value of which it is carrying them.

Risks of Acquiring Real Estate Property. The Funds’ portfolio investments will be subject to various risks that may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of the portfolio investments’ properties difficult or unattractive. For example, following the termination or expiration of a tenant’s lease there may be a period of time before the Fund’s portfolio investments will begin receiving rental payments under a replacement lease. During that period, the portfolio investments (and indirectly, the Funds) will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair the portfolio investments’ ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require the portfolio investments to make capital improvements to properties that would otherwise be available for distribution to investors. To the extent that the portfolio investments are unable to renew leases or re-let spaces as leases expire, decreased cash flow from tenants will result, which could adversely impact Funds’ returns.

Additionally, a Fund may be required to spend funds to correct defects or make improvements before a property can be sold. No assurance can be given that a Fund will have the necessary funds for such projects. On an acquisition, a Fund may be required to agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede a Fund’s ability to respond to adverse changes in the performance of the Fund’s portfolio investments could significantly affect such Fund’s financial condition and operating results.

In some instances, the principal asset of the lessee of a portfolio investment’s property may be only the tenant’s improvements on the property, or the liability of the lessee may be limited to its interest in such improvements. In these cases, the portfolio investment will be required to rely on the lessee’s equity interest in the improvements for its security. In the event of a default by a

lessee or other premature termination of a lease, the portfolio investment may experience delays in enforcing its rights as lessor, may incur substantial costs in protecting its investment and may experience an impairment of value.

Due to the relatively illiquid nature of real estate investments, TPGRE's ability to vary a Fund's portfolio promptly in response to changes in economic other conditions will be limited.

In addition, adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on a Fund's ability to collect rent payments and, accordingly, on its ability to make distributions to investors. A tenant may experience, from time to time, a downturn in its business which may weaken its financial condition and result in its failure to make rental payments when due. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow of a Fund.

Risks of Acquiring Real Estate Loans and Participations. A Fund may acquire real estate loans or participation interests therein which may be nonperforming at the time of their acquisition or may later become nonperforming for a wide variety of reasons. Such nonperforming real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. Even in such circumstances, it may be that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as direct investments in real estate loans and also carry risks of illiquidity and lack of control. In addition, loan participations also involve credit exposure to the financial institutions participating the loan. It is possible that a Fund may foreclose on collateral securing one or more real estate loans purchased by such Fund. The foreclosure process varies between jurisdictions and can be lengthy and expensive. Borrowers may resist foreclosure actions by asserting numerous claims and defenses against the holder of a loan, including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, which can significantly prolong and increase the costs of the process. At any time during the foreclosure proceedings, a borrower may file for bankruptcy, which would stay the foreclosure action and further delay the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. In addition, certain of the real estate loans in which a Fund may invest may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. Investing in real estate-related loans will subject a Fund to many of the risks of investment in real estate generally, especially where the loans are acquired in distressed or "loan to own" situations. If a Fund acquires a loan participation, it will generally be unable to enforce its rights against the borrower or the collateral directly, and will instead be dependent on the participating financial institution.

Some of a Fund's investments in real estate loans and participations may not be rated by any recognized rating agency. Generally, the value of unrated classes is more subject to fluctuation due to economic conditions than rated classes and there is increased risk of nonpayment or of a

significant delay in payments on unrated classes. Should assets be downgraded, it may adversely affect their value and may adversely affect the value of such Fund.

Mortgage-Backed Securities. A Fund may acquire senior and subordinated tranches of mortgage-backed securities (“MBS”) issuances. In general, subordinated tranches of MBS are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and also have subordinated rights as to receipt of interest distributions. Subordinated tranches are subject to a greater risk of nonpayment than senior tranches of MBS or MBS-backed by third-party credit enhancement. In addition, the secondary market for such subordinated securities is not as active and well-developed as the market for certain other mortgage-backed securities. Accordingly, such subordinated MBS may have limited marketability and there can be no assurance that a more efficient secondary market will develop. Although senior tranches of MBS are less risky than subordinated tranches of the same issue, they are still subject to the risk of loss.

Commercial Mortgage Loans. A Fund may hold directly or indirectly (e.g., through investments in CMBS or companies that originate, service or invest in mortgage loans) or be exposed to commercial mortgage loans. Commercial mortgage loans are generally secured by multi-family or commercial property and are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with residential mortgage loans that are secured by single-family residential property. The ability of a borrower to repay a loan secured by an income-producing property is dependent primarily upon the successful operation of such property. If the net operating income of the property is reduced, the borrower’s ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things: tenant mix, success of tenant businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances. A commercial property may not readily be converted to an alternative use in the event that the operation of such commercial property for its original purpose becomes unprofitable. In such cases, the conversion of the commercial property to an alternative use would generally require substantial capital expenditures. The liquidation value of any such commercial property may be substantially less, relative to the amount outstanding on the related commercial mortgage loan, than would be the case if such commercial property were readily adaptable to other uses.

Residential Mortgage Loans. A Fund may hold (e.g., through investments in residential mortgage-backed securities or companies that originate, service or invest in mortgage loans) or be exposed to residential mortgage loans. Residential mortgage loans are secured by single-family residential property and are subject to risks of delinquency and foreclosure and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon various factors, including the income or assets of the borrower. A Fund may hold or be exposed to non-prime or sub-prime residential mortgage loans (which are subject to higher

delinquency, foreclosure and loss rates than prime residential mortgage loans), which could result in higher losses to such Fund. Non-prime and sub-prime residential mortgage loans are made to borrowers who have poor or limited credit histories and, as a result, do not qualify for traditional mortgage products. Because of the poor, or lack of, credit history, non-prime and sub-prime borrowers have materially higher rates of delinquency, foreclosure and loss compared to prime credit quality borrowers. Loans to non-owner occupied properties may present a greater risk of loss because these borrowers may be more likely to default on a mortgage loan than a mortgage loan secured by a primary residence of a borrower.

Governmental Actions Affecting Mortgages and Mortgage Foreclosures. The federal government, state governments, consumer advocacy groups and others continue to urge mortgage servicers to be aggressive in modifying mortgage loans to avoid foreclosure. In addition, numerous laws, regulations and rules have been proposed recently by federal, state, and local governmental authorities that, if enacted or adopted, could delay foreclosure, reduce or delay payments by homeowners, forgive debt, and increase prepayments due to the availability of government-sponsored refinancing initiatives. Also, several courts, state, and local governments, and elected or appointed officials have taken unprecedented steps to slow or prevent foreclosures. A number of these laws have been enacted, including in California. A Fund may have a substantial amount of its capital invested in residential mortgage loans and could be adversely affected by such actions.

There have been numerous press reports concerning possible deficiencies in the processes by which servicers conduct foreclosure proceedings. Certain large banks and servicers have voluntarily halted foreclosure proceedings with respect to mortgage loans they own and/or service so that internal reviews may be conducted to ensure that their foreclosure process satisfies all applicable requirements. The announcements of these banks and servicers have led to certain federal and state legislators calling for a more broad-based moratorium on foreclosures generally. If any such moratorium is instituted or if any industry-wide adverse regulatory or judicial actions are taken in respect of foreclosures, any investment by a Fund in residential mortgage loans could be adversely affected.

In addition, some municipalities have threatened to use the power of eminent domain to seize residential mortgage loans. If such power is exercised successfully, a Fund or its portfolio investments may be forced to sell the mortgages at a loss.

Predatory and Other Lending Laws. A Fund may be subject to liability for potential violations of predatory and other lending laws, which could adversely impact the Fund's results of operations, financial conditions and business.

Under the anti-predatory lending laws of some states, the origination of certain residential mortgage loans must satisfy a net tangible benefits test with respect to the related borrower. This test may be highly subjective and open to interpretation. As a result, a court may determine that a residential mortgage loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied.

Failure of residential mortgage loan originators or servicers to comply with these laws, to the extent any of their residential mortgage loans become part of a Fund's mortgage-related assets,

could subject such Fund or a portfolio investment, as assignees or purchasers of the related residential mortgage loans, to monetary penalties and could result in the borrowers attempting to rescind the affected residential mortgage loans. If the loans are found to have been originated in violation of predatory or abusive lending laws, and a Fund or such portfolio investments have no rights to indemnification or the sellers are unable to meet their indemnification obligations, such Fund could incur losses, which could adversely impact the Fund's results of operations, financial conditions and business.

Changes in Prepayment Rates. Changes in prepayment rates could reduce the value of mortgage loans directly held by a Fund or underlying a security held by such Fund. In the case of residential mortgage loans, there are seldom any restrictions on borrowers' abilities to prepay their loans. Homeowners tend to prepay mortgage loans faster when interest rates fall. Consequently, owners of the loans have to reinvest the money received from the prepayments at the lower prevailing interest rates. Conversely, homeowners tend not to prepay mortgage loans when interest rates rise. Consequently, owners of the loans are unable to reinvest money that would have otherwise been received from prepayments at the higher rates. The negative effect of the rate increase on the market value of MBS is usually more pronounced than it is for other types of fixed-income securities.

Pools of Whole Loans. In connection with the acquisition of whole loans, a Fund may be required to purchase other types of mortgage assets as part of an available pool of mortgage assets in order to acquire the desired whole loans. These other mortgage assets may include mortgage assets that subject a Fund to additional risks. Acquisition of less desirable mortgage assets may impair a Fund's performance and reduce returns to investors.

Risks of Investing In REITs. The risks to which a Fund's investments in REITs will subject the Fund are similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. In addition, a Fund's investments in REITs subject it to management and tax risks.

Risks Associated with Service Providers. In addition to risks associated with attempting to predict default and recovery rates on mortgages that a Fund may acquire or to which it otherwise has exposure, the creditworthiness, servicing practices and viability of the service providers of such mortgages are also significant risks. Illiquidity and unpredictability in these markets make it difficult to determine whether such service providers have sufficient capital and adequate staffing levels to fulfill their servicing obligations and the extent to which such service providers are subject to regulatory risks and risk of error.

A Fund will also be exposed to these and other risks to the extent it has a financial interest in a service provider or otherwise engages in servicing activities. While a Fund may utilize (or replace existing service providers with) affiliated service providers, there can be no assurance that any such affiliated service provider will be successful or will have a positive impact on such Fund's performance.

Investments in Operating Turnarounds. In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of such Fund to restructure and effect improvements

in the operations of a portfolio investment. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements and accordingly, an investment with a turnaround strategy may not be successful, which would adversely affect a Fund's performance.

Investments in Troubled Assets. A Fund may make substantial investments in nonperforming, underperforming, other troubled assets or undercapitalized real estate companies which involve a degree of financial risk and are experiencing, or are expected to experience, severe financial difficulties, which may never be overcome and which may lead to a loss of some or all of the Fund's investment. The portfolio investments may have been originated or sponsored by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence. As a result, the standards (if any) by which such investments were originated, the recourse to the selling institution, or the standards (if any) by which such investments are being serviced or operated may be adversely affected. In addition, certain of a Fund's investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code. Further, investments in entities that later file for relief as debtors in proceedings under Chapter 11 of the Bankruptcy Code may, in certain circumstances, be subject to litigation which could further impair the value of the investment. Under certain circumstances under U.S. law, payments to a Fund and distributions by the Fund to its investors may be reclaimed in such proceedings if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment or the equivalent under the laws of certain other jurisdictions. Non-U.S. jurisdictions may present analogous or different credit issues. Bankruptcy laws may delay the ability of a Fund to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws may also result in a restructure of the debt without a Fund's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to such Fund.

Investments in Land / New Development; Risk of Fraud. A Fund may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which often is non-income producing. To the extent that a Fund invests in such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of a Fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a Fund and on the amount of proceeds available for distribution to the Fund's partners. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development and make such development less attractive than at the time it was commenced.

In addition, investments in new development activities could be susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any portfolio investment, the

applicable Fund may suffer a partial or total loss of capital invested in that investment. There can be no assurance that any such losses will be offset by gains (if any) realized on such Fund's other portfolio investments.

Availability of Insurance Against Certain Catastrophic Losses. Funds will generally seek to ensure that portfolio investments maintain appropriate liability, flood, extended coverage and rental loss insurance. However, certain losses may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments (such as insuring against terrorist acts and certain natural disasters). As a result, not all investments may be insured against terrorism or other catastrophes. If a major uninsured loss occurs, a Fund could lose both invested capital in, and anticipated profits from, the affected investments.

Environmental and Similar Liabilities. A Fund may be exposed to substantial risk of loss from claims arising from portfolio investments involving undisclosed or unknown environmental, health or occupational safety matters, or problems with inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. A Fund may obtain environmental liability insurance on a case-by-case basis. Under various federal, state, and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefor as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on a Fund's return from such portfolio investment. Environmental claims with respect to a specific portfolio investment may exceed the value of such portfolio investment, and under certain circumstances, subject the other assets of a Fund to such liabilities. In addition, even in cases where a Fund is indemnified or insured against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the indemnitor or insurer to satisfy such indemnities or insurance or the ability of the Fund to achieve enforcement of such indemnities or insurance.

Litigation at the Property Level. The acquisition, ownership and disposition of real properties entail litigation risks, including in relation to activities that took place prior to a Fund's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of a Fund's efforts to maximize sale proceeds or if the Fund ultimately decides not to sell. Similarly, buyers of the portfolio investments may later sue a Fund for losses associated with latent defects or other problems not uncovered in due diligence.



Non-U.S. Investments. A Fund may invest a substantial portion of its assets outside the United States. Non-U.S. real estate-related investments involve certain factors not typically associated with investing in real estate-related investments in the United States, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which a Fund's non-U.S. portfolio investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between U.S. and non-U.S. real estate markets, including potential price volatility in and greater illiquidity of some non-U.S. real estate markets; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and differences in government supervision and regulation; (iv) certain economic and political risks, including potential exchange-control regulations, potential restrictions on non-U.S. investment and repatriation of capital, the risks associated with political, economic or social instability, and the possibility of expropriation or confiscatory taxation and adverse economic and political developments; (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such portfolio investments; (vi) less developed corporate laws regarding the protection of investors and property owners; (vii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (viii) political hostility to investments by foreign or private equity investors; and, (ix) less publicly available information. In addition, investments located in non-U.S. jurisdictions may be involved in restructurings, bankruptcy proceedings and/or reorganizations that are not subject to laws and regulations that are similar to the U.S. Bankruptcy Code and the rights of creditors afforded in U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide a Fund with equivalent rights and privileges necessary to promote and protect the Fund's interest in any such proceeding, portfolio investments may be adversely affected. TPGRE will analyze risks in the applicable foreign countries before making such investments, but there can be no assurance that adverse developments with respect to these risks will not adversely affect the assets of a Fund that are held in certain countries.

The risks described above may be particularly relevant to the extent a Fund makes investments in emerging market countries. Emerging market countries generally are subject to greater risks of expropriation, confiscatory taxation, nationalization, political, economic or social instability and other negative developments.

Eurozone Risks. A Fund may invest in European properties and other assets that have operations that may be affected by the Eurozone economy, including those denominated in the Euro. Concerns regarding the sovereign debt of various Eurozone countries and proposals for investors to incur substantial write-downs and reductions in the face value of sovereign debt have given rise to new concerns about sovereign defaults, the possibility that one or more countries might leave the European Union or the Eurozone and various proposals (still under consideration and unclear in material respects) for support of affected countries and the Euro as a currency. Sovereign debt defaults and European Union and/or Eurozone exits could have material adverse effects on certain of a Fund's investments.

Risks Associated with Publicly-Traded Securities. A Fund may invest in publicly-traded securities of real estate companies, and may hold publicly-traded securities following a partial exit from an investment. A Fund's investments in securities of publicly-traded real estate companies may be sensitive to movements in the stock market and trends in the overall

economy. Moreover, the ability of portfolio investments to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise.

Uncertainty Regarding Investments. Although a Fund will make every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis and/or on the basis of imperfect information in order to take advantage of available investment opportunities and may require the Fund to rely on limited resources available to it, including information provided by the target of the investment and third-party consultants, legal advisors, accountants and investment banks. As a result, it is uncertain whether the due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. The Fund also cannot be certain that the due diligence investigation will result in investments being successful.

Interest Rate Risks. The Funds, both directly and indirectly through portfolio investments, are expected to have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect a Fund. For example, an increase in interest rates could increase the debt service burden on a Fund's portfolio investments, could make it more costly to refinance the debt of a Fund's portfolio investments and could cause a decrease in value in a Fund's debt investments. Factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth, or recession, unemployment, money supply and the monetary policies of the Federal Reserve Board, international disorders, and instability in domestic and foreign financial markets. TPGRE expects that it will periodically experience imbalances in the interest rate sensitivities of a Fund's assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, TPGRE may not be able to manage this risk effectively. If TPGRE is unable to manage interest rate risk effectively, a Fund's performance could be adversely affected.

Hedging. Subject to any limitations in a Fund's Governing Documents, a Fund may, but will typically not be required to, employ hedging techniques intended to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While such transactions may reduce certain risks, they may entail certain other risks and will involve costs. While a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for such Fund than if it had not entered into such hedging transactions.

The success of a Fund's hedging strategy will depend, in part, upon the TPGRE's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many investments change as markets change or time passes, the success of a Fund's hedging strategy will also be subject to TPGRE's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in such hedging transactions. For a variety of reasons, TPGRE may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Fund from achieving the intended hedge or expose the Fund to risk of loss. TPGRE

may be unable to or may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence, probability or magnitude of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Fund's portfolio investments. In addition, although such hedging transactions may hedge economic risks, they may not be effective hedges for tax purposes. For example, the tax character of the gain or loss on the hedging transaction may differ from the character of the loss or gain on the investment, or the timing of gain or loss for tax purposes may differ between the hedging transaction and the investment.

Third Party Involvement. A Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal, or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. In addition, a Fund may, in certain circumstances, be liable for the actions of its third-party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements or fees based on the value of assets managed.

Control Issues. A Fund may hold non-controlling interests in certain portfolio investments and, therefore, may have a limited ability to protect its investment in such portfolio investments. In such cases, such Fund will typically be significantly reliant on the existing management, board of directors and other shareholders of such portfolio investments, who may not be affiliated with TPG or the Fund and whose interests may conflict with the interests of the Fund.

In certain situations, a Fund may exercise control over a portfolio investment. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristics of business ownership may be ignored. If these liabilities were to arise, a Fund may suffer a significant loss.

Uncertainty of Financial Projections. TPGRE will generally make Fund investments on the basis of financial projections for such portfolio investments. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic and market conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

Tax Considerations. Investing in a Fund may involve complex U.S. federal income tax considerations that will differ for each investor, and there may be delays in distributing important tax information to investors. A Fund may be subject to income and/or withholding taxes in various jurisdictions in which it conducts investment activities. The rate of any withholding

taxes and the creditability of such foreign taxes may depend on the facts and circumstances relating to the particular investment and may differ for each investment.

A Fund may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should the U.S. Internal Revenue Service (“IRS”) successfully challenge any such positions, an investor might be found to have a different tax liability for that year than that reported on his, her, or its federal income tax return. For instance, the IRS could contend that break-up, transaction, and similar fees that reduce management fees are income of the Fund and the portion thereof allocable to a tax-exempt investor is unrelated business taxable income (“UBTI”), and the portion thereof allocable to a non-U.S. investor is income that is effectively connected income with the conduct of a U.S. trade or business (“ECI”) or is subject to withholding tax.

Subject to any limitations in a Fund’s Governing Documents, Funds are expected to engage in investment activities that would give rise to income and gain treated as ECI when allocated to a non-U.S. investor and UBTI when allocated to a tax-exempt investor. Furthermore, although the a Fund’s general partner may form Parallel Funds to mitigate the administrative burden of U.S. tax filings as a result of ECI for non-U.S. investors, there can be no assurances that non-U.S. investors that participate in such Parallel Funds will not be allocated ECI and required to file U.S. tax returns and pay U.S. taxes with respect to any investment.

Funds will hold, directly or indirectly, assets that will be considered “U.S. real property interests” (“USRPI”) for U.S. federal income tax purposes. A Non-U.S. investor may be subject to tax (including gross basis withholding tax) and information reporting requirements on the disposition of an interest in a Fund to the extent the interest is attributable to USRPI, and may also be subject to tax with respect to their allocable share of Fund income and gain to the extent attributable to gains from the disposition of USRPI.

A Fund may be involved in a variety of hedging transactions to reduce the risk of changes in value in the portfolio investments.

The taxation of partnerships and partners is complex. Potential investors are strongly urged to consult their own tax advisors and carefully review the tax disclosure in a Fund’s offering documents.

Co-Investment Vehicles may be subject to some or all of the foregoing risks, depending on the risks associated with the applicable transaction or investment strategy. To the extent certain Co-Investment Vehicles pursue investments or strategies that are not pursued by the Funds, such Co-Investment Vehicles may be subject to additional risks, as described in their respective offering documents.

## **Item 9 – Disciplinary Information**

Not applicable.

## **Item 10 – Other Financial Industry Activities and Affiliations**

TPGRE has an affiliate, TPG BD (CRD no. 143876), which is a broker-dealer registered with the Securities and Exchange Commission. TPG BD places securities and instruments issued by certain private funds that TPGRE and related entities manage individually or through their principals, as well as securities and instruments issued by other entities not related to TPGRE or its related entities.

TPG BD may, from time to time, manage or otherwise participate in underwriting syndicates and/or selling groups with respect to securities and instruments issued by portfolio investments of a TPGRE Vehicle or be involved in the public or private placement of such securities. TPG BD does not expect to be the lead underwriter in such syndicates or groups. In connection with these transactions, TPG BD may directly or as part of an underwriting syndicate buy from such portfolio investments of TPGRE Vehicles the securities issued. TPG BD may, in some cases, act as a broker in transactions on behalf of TPGRE Vehicles. TPG BD may also, from time to time, participate in the syndication of opportunities to co-invest in portfolio investments alongside certain TPGRE Vehicles and provide advisory services to portfolio investments of TPGRE Vehicles. In addition, TPG BD may, alone or with other parties (including other entities affiliated with TPGRE and its affiliates), arrange lines of credit to portfolio investments of TPGRE Vehicles, TPGRE Vehicles and other third party borrowers.

TPG BD and other affiliates of TPGRE may receive fees, commissions and other compensation in respect of the foregoing activities. TPG BD and other affiliates of TPGRE may, in connection with such activities, from time to time hold positions in instruments or securities issued by portfolio investments. TPG BD may act as the placement agent for a TPGRE Vehicle in respect of securities or instruments issued by the TPGRE Vehicle (although no commissions or other compensation is received by TPG BD from such TPGRE Vehicles or their investors for such service). While fees, commissions and other compensation paid to TPG BD are generally believed by TPG to be reasonable, such compensation is not in each case negotiated at arm's length and from time to time may be in excess of fees, commissions or other compensation that would be charged by an unaffiliated third party. TPGRE uses TPG BD as broker-dealer in any transaction only if such use is consistent with TPGRE's fiduciary duties. TPGRE Vehicles generally do not have the right to share in the compensation received by TPG BD for its role in any transaction.

The relationship TPGRE has with TPG BD may give rise to a conflict of interest between TPGRE and TPGRE Vehicles that have an interest in any portfolio investments or investment vehicles with respect to which TPG BD provides services. In particular, TPGRE may have an incentive to seek to influence the decision by a portfolio investment's management to retain TPG BD, or to otherwise transact with TPG BD, instead of other unaffiliated broker-dealers or other service providers or counterparties that may be more appropriate or offer better terms. TPGRE could also have an incentive to structure portfolio investment transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for TPG BD to be retained by a portfolio investment or acquisition company established for the relevant transaction and generate commissions, syndication fees, arranging fees or other compensation).

TPG BD may act as placement agent in respect of investment funds that are sponsored and managed by third-party investment managers, including funds that may compete with TPGRE Vehicles. In providing such services to, or with respect to, a competitor fund or company, TPG BD will not take into consideration the interests of the relevant portfolio investments or TPGRE Vehicles.

TPGRE generally will evaluate any such transactions on a case-by-case basis to address any such conflicts. Transactions involving a TPGRE Vehicle and TPG BD are also reviewed with regard to the appropriateness of the transaction and any fiduciary obligations. In addition, TPGRE reviews such transactions to ensure that the requirements of Section 206(3) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in respect of principal transactions between any TPGRE Vehicle and TPGRE or its affiliates (including TPG BD) are complied with in the context of such transactions.

For a description of material conflicts of interest created by TPGRE’s relationship with TPG BD, please see Item 11 below.

The following investment advisers are affiliates of TPGRE with which TPGRE may have a relationship: TPG Global Advisors, LLC, TPG Capital Advisors, LLC, TPG Opportunities Advisers, LLC, and TSL Advisers, LLC, along with their respective relying advisers.

For a description of material conflicts of interest created by the relationship among TPGRE and its affiliated advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

Various entities serve as general partners of the TPGRE Vehicles, and are related persons of TPGRE. For a description of material conflicts of interest created by the relationship among TPGRE and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### ***Code of Ethics***

TPGRE has adopted a comprehensive Code of Ethics that is applicable to all of its officers and employees, officers and employees of certain independent contractors, certain temporary personnel, and also to certain affiliates of TPGRE and their officers and employees (collectively, “TPGRE Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. TPGRE Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a TPGRE Vehicle, subject to the terms of the Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the TPGRE Vehicles. If officers, principals and employees of TPGRE have made large capital investments in or alongside the TPGRE Vehicles they may have conflicting interests with respect to these investments. The Code of Ethics generally permits such transactions, however, only if (i) the transaction is “pre-cleared” by TPGRE’s Chief

Compliance Officer or his designee or (ii) the transaction is exempt from pre-clearance under the Code of Ethics. Under the Code of Ethics, TPGRE Personnel also are required to file certain periodic reports as required by Rule 204A-1 under the Advisers Act.

TPGRE will provide a copy of the Code of Ethics to any TPGRE Vehicle or prospective client upon request.

### ***Participation or Interest in Client Transactions; Related Person Investments***

For information regarding circumstances in which TPGRE or a related person (a) recommends to TPGRE Vehicles, or buys or sells for TPGRE Vehicles' accounts, securities in which TPGRE or a related person has a material financial interest, (b) invests in the same securities that TPGRE or a related person recommends to TPGRE Vehicles, or (c) recommends securities to TPGRE Vehicles, or buys or sells securities for TPGRE Vehicle accounts, at or about the same time that TPGRE or a related person buys or sells the same securities for TPGRE's own (or the related person's own) account, as well as related conflicts of interest, please see "Conflicts of Interest" below.

### ***Conflicts of Interest***

As discussed further below, TPGRE and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds or accounts, and providing investment advisory and other services to funds and operating companies.

TPGRE has a number of related advisers that focus primarily on different investment strategies (collectively, the "Related Advisers"), although such investment strategies may overlap from time to time. The funds and accounts managed by the Related Advisers are referred to as the "Related Funds."

In the ordinary course of conducting its activities, the interests of a TPGRE Vehicle may conflict with the interests of TPGRE, other TPGRE Vehicles, Related Funds, Related Advisers or their respective affiliates. Certain of these conflicts of interest, as well as a description of how TPGRE addresses such conflicts of interest, are described below.

TPGRE and the Related Advisers, certain employees and affiliates of TPGRE and the Related Advisers, and certain other persons associated with TPGRE and executives of current and former portfolio investments of TPGRE Vehicles may invest in TPGRE Vehicles, either through their general partners, as limited partners or otherwise, to facilitate participation by such persons in portfolio investments made by TPGRE Vehicles. A TPGRE Vehicle may in its discretion reduce all or a portion of the management fee and performance allocation related to investments held by such persons.

### ***Resolution of Conflicts***

Each of TPGRE and the other Related Advisers will deal with all conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise between a TPGRE Vehicle and a Related Fund, TPGRE will represent the interests of such TPGRE Vehicle, and the applicable

Related Adviser will represent the interests of the Related Fund. In resolving conflicts, TPGRE and the other Related Adviser may consider various factors, including the interests of the funds and accounts they advise in the context of both the immediate issue at hand and the longer term course of dealing among such TPGRE Vehicle and the Related Fund. When conflicts arise between a TPGRE Vehicle and another TPGRE Vehicle, TPGRE will resolve the conflict. In doing so, it may consider various factors, including the interests of such TPGRE Vehicle and the other TPGRE Vehicle with respect to the immediate issue and/or with respect to the longer term course of dealing among the funds. In the case of all conflicts involving a TPGRE Vehicle, TPGRE's determination as to which factors are relevant, and the resolution of such conflicts, will be made in TPGRE's sole discretion.

The following factors may alleviate, but will not eliminate, conflicts of interest:

- A TPGRE Vehicle will not make any investment unless TPGRE and the TPGRE Vehicle's general partner believe that such investment is an appropriate investment considered solely from the viewpoint of such TPGRE Vehicle;
- Many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the TPGRE Vehicles;
- With respect to the Funds, the advisory committees for a Fund, whose members are not affiliated with the general partner of such Fund, generally play an important role in resolving conflicts of interest by approving or disapproving decisions that involve certain conflicts of interest referred to it by such Fund's general partner in accordance with the relevant offering and/or organizational documents for the Fund;
- When TPGRE deems appropriate in its sole discretion, unaffiliated third-party service providers may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third-party investor to make an investment on the same or similar terms as a TPGRE Vehicle may demonstrate the fairness of the transaction to such TPGRE Vehicle;
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- TPGRE may determine to, in limited circumstances, erect temporary information barriers to restrict the transfer of confidential information between business units, if deemed appropriate.

### ***Potential Conflicts of Interest***

The material conflicts of interest that may be encountered by a TPGRE Vehicle include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may potentially be faced by a TPGRE Vehicle. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.



### ***Principal Transactions***

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. The Advisers Act generally requires that, when an investment adviser or an affiliate of the adviser proposes to purchase a security from, or to sell a security to, an advisory client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction.

In connection with TPGRE’s advising of the TPGRE Vehicles, TPGRE and/or the TPGRE Vehicles may, in certain circumstances, engage in principal transactions, as described more thoroughly below.

Also, from time to time, affiliates of TPGRE or the Related Advisers, who may control, be controlled by or be under common control with TPGRE, the Related Advisers and/or their respective affiliates, will provide seed capital to help fund a new Fund. In doing so, TPGRE, the Related Advisers and/or their respective affiliates may purchase securities that are later transferred into the Fund in exchange for a percentage ownership in such Fund. TPGRE reviews such transactions with outside counsel to ensure that the requirements of Section 206(3) of the Advisers Act in respect of principal transactions are complied with in the context of such transactions.

TPGRE has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the applicable TPGRE Vehicle regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and the TPGRE Vehicle’s prior consent to the transaction be received. In addition, the Governing Documents relating to the TPGRE Vehicles may contain additional restrictions on the ability of the TPGRE Vehicles or TPGRE to engage in principal transactions and disclosures regarding principal transactions that are likely to arise in the activities of TPGRE Vehicles.

### ***Participation of TPG BD in TPGRE Vehicle Transactions***

As noted above under “Other Financial Industry Activities and Affiliations,” TPGRE has an affiliate, TPG BD, which may from time to time participate in underwriting syndicates and/or selling groups with respect to securities or instruments issued by portfolio investments of TPGRE Vehicles or may otherwise be involved in the public or private placement of such securities or instruments and the syndication of opportunities to co-invest in portfolio investments alongside certain TPGRE Vehicles. TPG BD does not expect to be the lead underwriter in such syndicates or groups. In connection with these transactions, TPG BD may directly or as part of an underwriting syndicate buy from such portfolio investments of TPGRE Vehicles the securities issued. TPG BD may also, in some cases, act as a broker in transactions on behalf of TPGRE Vehicles. TPG BD may also, alone or with other lenders, arrange lines of credit to portfolio investments of TPGRE Vehicles and other third party borrowers. TPG BD and other affiliates of TPGRE may receive fees, commissions and other compensation in respect of the foregoing activities, and TPG BD, TPGRE and affiliates of TPGRE may, in connection with such activities, from time to time hold positions in instruments or securities issued by

portfolio investments. TPG may also act as the placement agent for a TPGRE Vehicle (although no commissions or other compensation is received by TPG BD from such TPGRE Vehicles or their investors for such service).

As discussed in Item 10, transactions involving a TPGRE Vehicle and TPG BD are generally reviewed by TPGRE with regard to the appropriateness of the transaction and the firm's fiduciary obligations. In addition, TPGRE reviews such transactions with outside counsel to ensure that the requirements of Section 206(3) of the Advisers Act in respect of principal transactions between any TPGRE Vehicle and TPGRE or its affiliates (including TPG BD) are complied with in the context of such transactions. TPG BD may have access to confidential and/or material non-public information regarding TPGRE Vehicles or their portfolio investments and, subject to applicable law, may use such information in connection with financing and other services provided by TPG BD.

### ***Financial Interest in TPGRE Vehicle Transactions***

As described above in response to Item 5, TPG may receive financial advisory and monitoring and transaction fees and other compensation for services provided to portfolio investments of TPGRE Vehicles. Such parties may also receive accelerated monitoring fees (in connection with an initial public offering or strategic exit, for example), "break-up" fees, and other compensation with respect to TPGRE Vehicle portfolio investments (including unconsummated or terminated transactions).

As noted in response to Item 5, TPGRE Personnel may serve on the corporate boards in connection with portfolio investments of TPGRE Vehicles. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio investment as a director may conflict with the interests of TPGRE Vehicles, but, because the TPGRE Vehicles will generally be significant shareholders of such portfolio investments, it is expected that such interests will generally be aligned.

TPGRE Personnel may also serve as directors, or otherwise be associated with, companies that are competitors of portfolio investments of certain TPGRE Vehicles. It would be expected that the interests of a competitor company would often not be aligned with those of a TPGRE Vehicle or its portfolio investment. In addition, portfolio investments of TPGRE Vehicles may, from time to time, make discounts and other benefits available to personnel of TPG in connection with products or services offered by such companies. Portfolio investments of TPGRE Vehicles or Related Funds may also be counterparties or participants in agreements, transactions or other arrangements with portfolio investments of TPGRE Vehicles that may involve fees and/or servicing payments to TPGRE or its affiliates which are not subject to management fee offsets or otherwise shared with the relevant TPGRE Vehicles.

TPG may offer co-investment opportunities and enter into strategic partnerships directly or indirectly with investors that commit significant capital to a range of TPGRE's and its affiliates' platform of products, investment ideas and asset classes. Such arrangements may include TPGRE or its affiliates granting certain preferential terms to such investors. Depending on the Governing Documents of any TPGRE Vehicle into which such vehicles and accounts invest,

such preferential terms may not be subject to the “most favored nation” provisions of the TPGRE Vehicle.

### ***Allocation of Investment Opportunities, Fees, and Expenses***

TPGRE and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of various investment funds and the provision of investment advisory and other services to funds and operating companies. In connection with its investment activities, TPGRE may encounter situations in which it must determine how to allocate investment opportunities among various TPGRE Vehicles and other persons, which may include, but are not limited to, the following:

- The Funds and Related Funds;
- Any parallel investment entities that have been formed to invest side-by-side with one or more Funds (either in all transactions entered into by such Funds or in a limited subset of such investments);
- Any alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any TPGRE Vehicles that have been formed to invest side-by-side with one or more Funds in particular transactions entered into by such Funds or for the purpose of pursuing a specific investment strategy (the investors in such TPGRE Vehicles may include individuals and entities that are also investors in one or more Funds (collectively, “TPGRE Investors”) and/or individuals and entities that are not investors in any Funds (collectively, “Third Parties”));
- TPGRE Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more TPGRE Vehicles in particular transactions entered into by such TPGRE Vehicles; and
- TPGRE Investors and/or Third Parties acting as “co-sponsors” with TPGRE with respect to a particular transaction.

For each such TPGRE Vehicle or other person discussed above, subject to applicable legal, contractual or similar restrictions, TPGRE generally may decide, in its sole discretion, whether TPGRE or a related person may seek to charge any fees or to receive any performance-based compensation or allocations in connection with such investment opportunities.

Senior management of TPGRE and its affiliates, and the members of TPGRE’s investment review committee, are and will continue to be active in Related Funds that pursue investment opportunities that could overlap with those pursued by the TPGRE Vehicles. Under the agreements governing such Related Funds, such investment opportunities may be required to be offered to such Related Funds.

In addition, TPG expects that its affiliates will continue to sponsor and manage new investment vehicles in the future, which may include additional hedge funds; collateralized loan obligation issuers; emerging markets funds; and other regional or industry-focused vehicles, as they

continue to develop their respective investment management and related businesses, including by engaging in strategic transactions involving the acquisition of or business combination with other investment platforms. TPG expects that the investment strategies and other activities of future investment vehicles and businesses sponsored or managed by its affiliates will overlap with the investment strategies and activities of a TPGRE Vehicle and, as a result, actual or potential conflicts of interest may arise.

TPG and its affiliates, including TPGRE and the general partner of any TPGRE Vehicle may, from time to time, be presented with investment opportunities that fall within the investment objectives of both the TPGRE Vehicles and the Related Funds. For example, a TPGRE Vehicle may be presented with real estate credit investments that may be overlapping with the types of investments pursued by other Related Funds, particularly funds, pools, and separate accounts sponsored by TPG Special Situations Partners. Similarly, TPGRE Vehicles may pursue investments that include both operating businesses appropriate for funds advised by TPG Capital Advisors, LLC and real estate investments, such as a grocery chain with large real estate holdings. In such circumstances, TPG and a TPGRE Vehicle's general partner will have latitude in determining the allocation of such opportunities among the TPGRE Vehicle and such relevant other Related Funds, and will make such determinations in their sole discretion, in accordance with the obligation to offer provision in the TPGRE Vehicle's partnership agreement, the constitutive documents of such other Related Funds, and any other applicable contractual obligations binding against TPG and its affiliates, including the general partner of the applicable TPGRE Vehicle or Related Fund. In the event that such contractual obligations are not determinative, which may frequently be the case, such investment opportunities will be allocated according to TPG's allocation principles and policies. These principles and policies will be based on factors that TPG reasonably determines in good faith to be fair and reasonable, including, but not limited to:

- the TPGRE Vehicle's and each such other Related Fund's investment objectives and investment focus;
- the sourcing of such investment opportunity within TPG and amongst its affiliates;
- the TPG personnel who will monitor and oversee such investment opportunity;
- the TPGRE Vehicle's and each such other Related Fund's liquidity and reserves;
- the expected amount of capital required for the investment as well as the TPGRE Vehicle's and each such other Related Fund's projected future capacity for investment;
- the TPGRE Vehicle's and each such other Related Fund's targeted rate of return;
- the stage of development of the prospective portfolio investment;
- the existing portfolio of investments of the TPGRE Vehicle and each such other Related Fund;
- the risk profile of the investment opportunity;

- the expected life cycle of the TPGRE Vehicle and each such other Related Fund;
- the relative amounts of capital available for investment by the TPGRE Vehicle and each such other Related Fund;
- any allocation targets (e.g., industry targets and size targets) of the TPGRE Vehicle and each such other Related Fund;
- the ability of the TPGRE Vehicle and each such other Related Fund to accommodate structural, timing and other aspects of the investment process;
- legal, tax, contractual, regulatory or other considerations deemed relevant in good faith; and,
- any other factors deemed relevant by TPG.

Because of the above, investors should not assume that an investment opportunity that may be appropriate for a TPGRE Vehicle will necessarily be offered to the TPGRE Vehicle or that follow-on opportunities in existing portfolio investments will be offered to the TPGRE Vehicle. In exercising such discretion, TPG and its affiliates, including a TPGRE Vehicle's general partner, may make allocations decisions that, in retrospect, were based on imperfect information, or may accord greater weight to only a few or a single factor listed above (for example, relevant expertise of the transaction teams and sourcing may be disproportionately considered especially where other factors are not determinative). Further, in doing so, a variety of potential conflicts of interest may arise. For example, in allocating an investment opportunity among funds and other vehicles (including co-investment vehicles) with different fee, expense, and compensation structures, TPG and its affiliates, including the general partner of any TPGRE Vehicle, may have an incentive to allocate investment opportunities to the funds or other vehicles from which TPG and its affiliates may derive, directly or indirectly, a higher fee, compensation or return.

TPGRE will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount TPGRE determines would be appropriate for such Fund (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as consultants and advisors to TPGRE and/or the Funds or management teams of the applicable portfolio investment, certain strategic investors and other investors whose allocation is determined by TPGRE to be in the best interests of the applicable Fund), and any such excess may be offered to one or more Co-Investment Vehicles or other co-investors pursuant to the procedures included in such Funds' Governing Documents and as set forth in the following paragraphs.

Subject to any provisions of the Governing Documents of a Fund requiring that co-investment opportunities be offered to certain TPGRE Investors, TPGRE will allocate such opportunities in its sole discretion. In exercising such discretion to decide how to allocate co-investment opportunities with respect to a particular investment opportunity among the Funds, the Co-Investment Vehicles, and related vehicles and other accounts and persons (such as TPGRE Investors and Third Parties), TPGRE may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- TPGRE's evaluation of the financial resources, sophistication, experience and expertise of the potential co-investor generally with respect to the execution of co-investment transactions and with respect to the geographic location or business activities of the applicable portfolio investment;
- TPGRE's perception of its (or its Related Advisers') past experiences and relationships with the each prospective co-investor, including whether or not such person has co-invested previously and the ability of any such person to respond promptly to potential investment opportunities;
- Size of the prospective co-investor's investment in the Fund and any other Related Funds;
- The investment objectives, existing portfolio, and other facts and circumstances relating to Related Funds;
- Perception of the legal, regulatory, reporting, public relations, competitive, confidentiality, or other issues that may arise with respect to any prospective co-investor; and
- Any strategic value or other benefit to a Fund or such other Related Fund or TPG resulting from offering such co-investment opportunity to a prospective co-investor.

TPG's exercise of its discretion in allocating investment opportunities among the persons and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While TPG will determine how to allocate investment opportunities that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a TPGRE Vehicle's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which TPGRE may be subject, discussed herein, did not exist.

Subject to any rights contained in the Governing Documents of the relevant TPGRE Vehicle or any side-letter or other terms negotiated with respect to such TPGRE Vehicle, in general, (i) no TPGRE Investor has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of TPGRE or its related persons, (iii) allocation of co-investment opportunities among TPGRE Investors may not correspond to their pro rata interests in the TPGRE Vehicle; (iv) co-investment opportunities may, and typically will, be offered to some and not other TPGRE Investors, in the sole discretion of TPGRE or its related persons, (v) certain persons other than TPGRE Investors (e.g., Third Parties) may be offered co-investment opportunities, in the sole discretion of TPGRE or its related persons; and (vi) co-investors may purchase their interest in a portfolio investment at the same time as the TPGRE Vehicle or may purchase their interests from the applicable TPGRE Vehicle after such TPGRE Vehicle has consummated its investment in the portfolio investment (also known as a post-closing sell down or transfer).

A TPGRE Vehicle may, from time to time, make co-investments with a Related Fund in transactions sourced by a Related Adviser, or vice versa. Limited partners in the Funds may also

make co-investments with the TPGRE Vehicles in portfolio investments, as may TPGRE and its affiliates.

In addition, to the extent TPGRE has discretion over a secondary transfer of interests in a TPGRE Vehicle pursuant to such TPGRE Vehicle's Governing Documents, TPGRE may consider the factors listed above in exercising such discretion. Subject to any restrictions in the Governing Documents of the applicable TPGRE Vehicle, TPGRE or its related persons may be asked to identify a limited number of TPGRE Investors or Third Parties to potentially acquire the interest being transferred.

TPGRE reserves the right to make independent decisions about when a Fund and other TPGRE Vehicles should purchase and sell investments, and the other Related Advisers reserve similar rights with respect to the Related Funds that they advise. As a result, a TPGRE Vehicle may be purchasing an investment at a time when another TPGRE Vehicle or a Related Fund is selling the same or a similar investment, or vice versa. A TPGRE Vehicle may invest in opportunities that other TPGRE Vehicles or Related Funds have declined, and likewise, a TPGRE Vehicle may decline to invest in opportunities in which other TPGRE Vehicle or Related Funds have invested.

Subject to any relevant restrictions or other limitations contained in the Governing Documents for the TPGRE Vehicles (the terms of which are typically negotiated in advance with certain prospective investors in such TPGRE Vehicles), TPGRE will determine how to allocate investment opportunities and fees and expenses that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, TPGRE may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among TPGRE Vehicles with differing fee, expense and compensation structures, TPGRE may have an incentive to allocate investment opportunities to the Funds or other vehicles from which TPGRE or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit. Other TPGRE Vehicles or Related Funds may invest in assets eligible for purchase by a TPGRE Vehicle. In addition, TPGRE professionals will generally participate indirectly in investments made by TPGRE Vehicles and Related Funds in which they invest, pro-rata, in accordance with their respective capital accounts. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a TPGRE Vehicle.

In addition, the appropriate allocation among the TPGRE Vehicles or other accounts or persons of expenses and fees generated in the course of evaluating potential investments often may not be clear (for example, if two or more TPGRE Vehicles considered making an investment that was not consummated). When TPGRE and the other Related Advisers incur expenses that were related to TPGRE Vehicles and/or Related Funds, they will typically allocate such expenses among all TPGRE Vehicles and/or Related Funds eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by TPGRE (or its related persons or Related Advisers, as relevant) using its best judgment, considering such factors as it deems relevant, but in its sole discretion. The allocations of such expenses may not be proportional. The Related Funds may have different expense reimbursement terms, including with respect to management fee and

similar offsets, which may result in the TPGRE Vehicles bearing different levels of expenses with respect to the same investment.

TPGRE will generally allocate fees and expenses to be split between TPGRE and the TPGRE Vehicles and/or portfolio investments (including fees and expenses incurred in the offering of the TPGRE Vehicle, management of the TPGRE Vehicle, and investment opportunities), in each case in accordance with the TPGRE Vehicle's Governing Documents. To the extent not addressed in such documents or agreements, such fees and expenses generally will be allocated by TPGRE in its sole discretion, in each case using good faith and its best judgment. Because certain expenses are paid for by a TPGRE Vehicle and/or its portfolio investments or, if incurred by TPGRE, are reimbursed by a TPGRE Vehicle and/or its portfolio investments, TPGRE may not necessarily seek out the lowest cost options when incurring (or causing a TPGRE Vehicle or its portfolio investments to incur) such expenses.

There may be occasions when one TPGRE Vehicle (the "Payor Fund") pays an expense common to multiple TPGRE Vehicles and Related Funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

A TPGRE Vehicle may sell down an interest in its portfolio investments to co-investors. Subject to the applicable organizational documents, TPGRE may charge (or may decide not to charge) a co-investor (such as a TPGRE Investor or Third Party) interest costs for the time period between the closing of the applicable TPGRE Vehicle's investment in a portfolio investment to the date of the transfer of interests in such portfolio investment to the applicable co-investor.

In resolving conflicts, TPGRE may consider various factors, including the interests of the applicable TPGRE Vehicles with respect to the immediate issue and/or with respect to their longer term courses of dealing. In the case of all conflicts involving the TPGRE Vehicles or other accounts or persons, TPGRE's determination as to which factors are relevant, and the resolution of such conflicts, generally will be made in TPGRE's sole discretion.

Please see "Resolution of Conflicts" above for a description of the means by which TPGRE and its related persons may seek to alleviate conflicts of interest among the TPGRE Vehicles or other accounts or persons.

### ***Conflicts Related to Purchases and Sales***

In certain rare instances, TPGRE may cause a TPGRE Vehicle to purchase investments from another TPGRE Vehicle or a Related Fund, or it may cause a TPGRE Vehicle to sell investments to another TPGRE Vehicle or a Related Fund. In connection with such transactions, TPGRE, the Related Advisers and/or their professionals (i) may have significant investments or intentions to invest in the TPGRE Vehicle or a Related Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the underlying investment). TPGRE and the Related Advisers may receive management or other fees in connection with their management of the relevant TPGRE



Vehicles and/or Related Funds involved in such a transaction or in connection with the transaction itself, and may also be entitled to share in the investment profits of the relevant TPGRE Vehicles and/or Related Funds. TPGRE, the Related Advisers and their professionals may be presented with certain conflicts of interest in effecting these transactions. To address these conflicts of interest, TPGRE will cause a TPGRE Vehicle to engage in such transactions only if it determines that the terms and conditions of such transaction are substantially as advantageous to such TPGRE Vehicle as the terms it would obtain in a comparable arm's-length transaction with a third party. For additional information regarding transactions between TPGRE Vehicles, including a discussion of related conflicts of interest, please see Item 12, under "Cross Transactions."

Conflicts may also arise when a TPGRE Vehicle makes investments in conjunction with an investment being made by other TPGRE Vehicles or Related Funds, or if it were to invest in the securities of a company in which another TPGRE Vehicle or a Related Fund has already made an investment. A TPGRE Vehicle may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other TPGRE Vehicles or Related Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the TPGRE Vehicle and the other TPGRE Vehicles or Related Funds with which it co-invests will exit such investment at the same time or on the same terms. TPGRE and Related Advisers may express inconsistent views of a commonly held investment, or of market conditions more generally. For example, TPGRE may choose to sell all or part of an investment in an entity while a Related Fund holds or increases its investment in such entity (or vice versa). In addition, investment opportunities may be appropriate for one or more TPGRE Vehicles and Related Funds at the same, different or overlapping levels of a company's capital structure. Conflicts may also arise in determining the terms of investments, especially when TPGRE and/or other Related Advisers control the structure of a transaction and its capitalization. For example, if a TPGRE Vehicle is investing in debt securities, it may have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than a Related Fund or another TPGRE Vehicle, as an equity owner, may desire. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a TPGRE Vehicle or a portfolio investment of another TPGRE Vehicle. Investments by more than one client of TPGRE in a portfolio investment may also raise the risk of using assets of a client of TPGRE to support positions taken by other clients of TPGRE. While expected to be very infrequent, similar conflicts could arise to the extent that TPG BD holds securities of a portfolio investment.

There can be no assurance that the return on a TPGRE Vehicle's investments will be the same as the returns obtained by other TPGRE Vehicles or Related Funds participating in a given transaction. Employees and related persons of TPGRE and the other Related Advisers have made or may make capital investments in or alongside certain TPGRE Vehicles or Related Funds, or in prospective portfolio investments directly or indirectly, and therefore may have additional conflicting interests in connection with these investments. Each of TPGRE and the other Related Advisers generally will determine all matters relating to structuring transactions, including the amount and terms of securities and allocation of securities among a TPGRE Vehicle and the involved Related Funds, using its best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of securities as among TPGRE Vehicles and as

between a Fund and other TPGRE Vehicles and Related Funds may be affected by a fund's stage in its lifecycle. For example, a newly organized fund may seek to purchase a disproportionate amount of investments until it is substantially invested.

TPGRE may from time to time in its sole discretion provide the Related Adviser of any such Related Funds certain information about a TPGRE Vehicle's investment portfolio, although it is under no obligation to do so and may decide not to provide any such information at any time. As a condition of receiving such information, the Related Adviser generally must agree that it will not disclose such information to any other person.

From time to time, TPGRE or a Related Adviser may come into possession of material, non-public information. In such cases, TPGRE Vehicles and Related Funds could be restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by Related Advisers may limit the ability of a TPGRE Vehicle to buy and sell investments. TPGRE may in limited circumstances erect information barriers to restrict the transfer of confidential information between Related Advisers or business units, if deemed appropriate. Furthermore, TPGRE and the Related Advisers may agree from time to time to "cross" any such information barriers, and TPGRE may from time to time impose restrictions on transactions involving particular issuers in its sole discretion taking into account all factors it deems relevant in the collective interest of TPGRE and the Related Advisers. In addition, TPGRE may be restricted by contract from using confidential information that it, or a Related Adviser, has for the benefit of a TPGRE Vehicle.

### ***Conflicts Relating to Existing Investments***

Further conflicts may arise once a TPGRE Vehicle has made an investment in a company in which another TPGRE Vehicle or a Related Fund has also invested. For example, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, TPGRE Vehicles or Related Funds may or may not provide such additional capital, and if provided, each TPGRE Vehicle and each Related Fund generally will supply such additional capital in such amounts, if any, as determined by TPGRE and the relevant Related Advisers in their sole discretion. TPGRE and each other Related Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the advisory committees of the participating investment funds.

Investments to finance follow-on acquisitions are a regular part of the business of the TPGRE Vehicles and certain Related Funds. Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a TPGRE Vehicle may participate in releveraging and recapitalization transactions involving portfolio investments in which other TPGRE Vehicles or Related Funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or

lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. TPGRE and each other Related Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the respective advisory committees of the participating investment funds.

TPGRE Vehicles and/or the Related Funds may own a significant or controlling percentage of the common equity of portfolio investments which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such portfolio investment and the participating funds, and other relevant factual circumstances, could result in an extension to one year of the ninety-day bankruptcy preference period with respect to payments made to a TPGRE Vehicle and/or subordination of its claims to other creditors and/or recharacterization of debt claims into equity claims. In addition, due to equity ownership, representation on the boards of directors and/or contractual rights, as applicable, the TPGRE Vehicles and the Related Funds may be deemed to control, participate in the management of or influence the conduct of portfolio investments. The effect of these relationships will vary from jurisdiction to jurisdiction. These factors could expose the assets of a TPGRE Vehicle to claims by a portfolio investment, its security holders, its creditors or governmental agencies.

If a TPGRE Vehicle purchases in the secondary market at a discount debt securities of a company in which a TPGRE Vehicle has, for example, a substantial equity interest, (a) a court might require a TPGRE Vehicle to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a TPGRE Vehicle might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

A portion of a TPGRE Vehicle's investments may consist of securities that are subject to restrictions on resale by a TPGRE Vehicle because they were acquired in a "private placement" transaction or because a TPGRE Vehicle is deemed to be an affiliate of the issuer of such securities. Generally, a TPGRE Vehicle will be able to sell such securities only pursuant to a registration statement under the Securities Act or an applicable exemption. When restricted securities are sold to the public, a TPGRE Vehicle may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under the Securities Act.

A TPGRE Vehicle may directly or indirectly control or be under common control with issuers of securities held by a TPGRE Vehicle that were issued under an indenture qualified under the Trust Indenture Act of 1939, especially when another TPGRE Vehicle or a Related Fund is deemed to control the issuer of the securities. In such cases, the securities held by a TPGRE Vehicle would be required by the Trust Indenture Act to be disregarded for the purposes of determining whether the holders of the required principal amount of such issuer's securities have concurred in certain directions or consents.

### ***Management of the TPGRE Vehicles***

TPGRE manages a number of TPGRE Vehicles that may have investment objectives similar to each other. TPGRE may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current TPGRE Vehicles. Allocation of available investment opportunities between the TPGRE Vehicles and any such investment fund could give rise to conflicts of interest. See “Allocation of Investment Opportunities” above. In addition, it is expected that employees of TPGRE responsible for managing a particular TPGRE Vehicle will have responsibilities with respect to other TPGRE Vehicles managed by TPG, including TPGRE Vehicles and Related Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

The TPGRE Vehicles may enter into borrowing arrangements that require the TPGRE Vehicles to be jointly and severally liable for the obligations. If one TPGRE Vehicle or Related Fund defaults on such arrangement, the TPGRE Vehicles may be held responsible for the defaulted amounts. The TPGRE Vehicles will only enter into such joint and several borrowing arrangement when TPGRE determines it is in the best interests of the TPGRE Vehicles.

### ***Valuation of Assets***

TPGRE is responsible for the valuation of each TPGRE Vehicle’s assets, in accordance with such TPGRE Vehicle’s Governing Documents and valuation policies. There is no actively traded market for most of the securities owned by the TPGRE Vehicles. Securities and all other assets for which no market prices are available will be valued at such value as TPGRE may reasonably determine. Valuations are generally subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of TPGRE. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a TPGRE Vehicle’s assets.

It is TPGRE’s current policy to determine the “fair value” of the TPGRE Vehicles in accordance with U.S. Generally Accepted Accounting Principles, particularly Accounting Standard Codification 820, Fair Value Measurements. When estimating fair value, TPGRE will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. With respect to the TPGRE Vehicles, the exercise of such discretion by TPGRE may give rise to conflicts of interest, as the performance allocation in certain TPGRE Vehicles is calculated based, in part, on these valuations and such valuations affect performance calculations.

### ***Fee Structure***

Because there is a fixed investment period after which capital from investors in certain TPGRE Vehicles may only be drawn down in limited circumstances and because management fees are, at certain times during the life of those TPGRE Vehicles, based upon capital invested by the

TPGRE Vehicles, this fee structure may create an incentive to deploy capital when TPGRE may not otherwise have done so.

***Conflicts Relating to the General Partners, TPGRE Vehicles, TPGRE and Certain Related Advisers***

TPGRE generally may, in its discretion, contract with any related person of TPGRE (including but not limited to a portfolio investment of a TPGRE Vehicle or a family member of TPGRE Personnel) to perform services (including but not limited to brokerage services) for TPGRE in connection with its provision of services to the TPGRE Vehicles. When engaging a related person to provide such services, TPGRE may have a financial, personal or other business incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

TPGRE generally may, in its discretion, recommend to a TPGRE Vehicle or to a portfolio investment thereof that it contract for services or, in providing services to a TPGRE Vehicle, may directly engage with (i) a related person of TPGRE (including but not limited to a portfolio investment of a TPGRE Vehicle or Related Fund) or (ii) an entity or person with which or whom TPGRE, TPG, or a member of its personnel has a relationship or from which or whom TPGRE, TPG, or a member of its personnel otherwise derives financial, personal or other benefit. When making such a recommendation, TPGRE, TPG, or a member of its personnel may, because of their financial, personal or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

It is generally expected that most or all of the officers and employees responsible for advising a TPGRE Vehicle will have responsibilities with respect to other funds or accounts advised by TPGRE and/or Related Advisers, including funds and accounts that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

The general partners of many TPGRE Vehicles are entitled to performance allocations under the terms of the limited partnership agreements of such TPGRE Vehicles. Such general partners are affiliates of TPGRE. The existence of the general partners' performance allocations may create an incentive for the general partners to cause such TPGRE Vehicles to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

The TPGRE Vehicles may have tax-exempt, taxable, foreign and other investors, whereas most members of the general partners of the TPGRE Vehicles are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

### ***Related Services***

As described in Item 5 above, TPGRE may perform Related Services for, and, consistent with the Governing Documents of the TPGRE Vehicle, will receive fees or reimbursements from, actual or prospective portfolio investments or other investment vehicles of the TPGRE Vehicles. Such fees will be in addition to any management fee or carried interest paid by the TPGRE Vehicles to TPGRE. Additionally since the term of an Advisory Services Agreement may exceed ten years (and may be subject to automatic extensions and renewals), there are also certain circumstances (such as the occurrence of an initial public offering or strategic exit) which may accelerate the payment of such fees. These fees may be substantial, particularly in the event such circumstances occur early in the life of a Fund's investment in such portfolio investment. This creates a conflict of interest between TPGRE and the TPGRE Vehicles and their investors because the amounts of these fees and reimbursements may be substantial and the TPGRE Vehicles and their investors generally do not have an interest in these fees and reimbursements. TPGRE generally determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio investments, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the TPGRE Vehicles.

TPGRE will in some circumstances be obligated to reduce the amount of management fees paid by the applicable TPGRE Vehicle by an amount equal to all or a portion of such fees for Related Services. The specific amount and nature of this reduction varies among TPGRE Vehicles and is generally set forth in the Governing Documents of the applicable TPGRE Vehicle. Entities other than TPGRE Vehicles that participate in investments alongside the TPGRE Vehicles (such as entities through which TPGRE and certain employees and affiliates of TPGRE invest alongside the TPGRE Vehicles) may have a right to share in such fees, and management fees will generally not be reduced in connection with the receipt of such entities' share of such fees. A TPGRE Vehicle will only benefit with respect to its allocable portion of any such fee. As some TPGRE Vehicles do not pay management fees (e.g., certain Co-Investment Vehicles), any such reduction will not benefit such TPGRE Vehicles.

TPGRE will provide the TPGRE Vehicles or their limited partners with information regarding the amounts of those fees if and to the extent required by the relevant Governing Documents. In addition, portfolio investments sometimes disclose these fees in materials such as debt offering memoranda. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio investment. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio investment.

Certain of TPGRE's professionals, in connection with the monitoring of a portfolio investment, may serve on the board of directors of such portfolio investment. In those circumstances, it is customary for such professionals to receive director's fees, stock options and/or other equity compensation in connection with such service. While such compensation may initially be received by the applicable professionals, procedures are in place to transfer such compensation, after expenses, to the applicable TPGRE Vehicle such that the compensation paid to professionals for this service is for the benefit of the applicable TPGRE Vehicle only.

### ***Real Estate Service Providers***

The general partners of TPGRE Vehicles and the portfolio investments will from time to time retain other companies and individuals (“Real Estate Service Providers”), which may be affiliates of the general partner or employees of such affiliates or portfolio companies of other Related Funds, to provide operational support, regulatory or legal advice, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio investments in relation to the identification, acquisition, holding, improvement and disposition of such portfolio investments, including asset management, construction, leasing, development, and other property management services; servicing, brokerage, financing, and related services; and other similar operational services.

The amounts to be paid to the Real Estate Service Provider (including an affiliated Real Estate Service Provider) may be determined at the discretion of the applicable general partner taking into account the assets to be governed by such arrangement, may include a profits interest or other incentive-based compensation to the Real Estate Service Provider, and may otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Real Estate Service Providers, a percentage of the value of the assets being serviced, the invested capital exposed to such assets, amounts charged by other providers for comparable services and/or a percentage of cash flows from such assets. Fees may also be determined by reference to the annual compensation paid by TPG to the employee providing the services, including an estimate of TPG’s overhead allocable to that employee, and the amount of time the employee spent providing such services. Fees and expenses may also be paid in respect of portfolio investments prior to the closing of the investment. In the event one or more Real Estate Service Providers (directly or indirectly) is providing services to a TPGRE Vehicle and one or more Related Funds, such fees will be allocated among the TPGRE Vehicle and the relevant Related Funds as determined by the applicable general partner in a fair and equitable manner. To the extent any such fees are payable to any affiliated Real Estate Service Provider by TPGRE Vehicle or a portfolio investment, such fees will not reduce any fees otherwise payable to TPGRE or its affiliates except to the extent provided in the TPGRE Vehicle’s Governing Documents. The TPGRE Vehicle’s general partner’s good faith determination as to the categorization of any fees and expenses (e.g., as Real Estate Service Fees) and the allocation of such fees and expenses shall be binding on the TPGRE Vehicle absent manifest error.

The general partner of a TPGRE Vehicle and its portfolio investments will have an incentive to retain affiliated Real Estate Service Providers even if retaining unaffiliated Real Estate Service Providers would be as advantageous or more advantageous to the Fund or such Portfolio Investments. Additionally, it is possible that Real Estate Service Providers will be investors in, provide goods or services to, or have other relationships with one or more Related Funds. This may influence the general partner of TPGRE Vehicle in deciding whether to select such Real Estate Service Providers. Although TPGRE intends that any affiliated Real Estate Service Providers will be retained at competitive rates, such compensation will not be determined through arm’s-length negotiation and neither TPGRE nor the general partner of the TPGRE Vehicle will not guarantee the performance of any affiliated Real Estate Service Providers.

### ***Diverse Membership***

The investors in the TPGRE Vehicles generally are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in a TPGRE Vehicle. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a TPGRE Vehicle, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by TPGRE, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a TPGRE Vehicle, TPGRE generally considers the investment and tax objectives of the applicable TPGRE Vehicle as a whole, rather than the investment, tax or other objectives of any individual investor within that TPGRE Vehicle.

### ***Side Letters and Relationships with Investors***

As discussed in Item 4, TPGRE or its affiliates may enter into Side Letters with one or more TPGRE Investors. These Side Letters may entitle a TPGRE Investor to make an investment in the Fund on terms other than those described herein, in the Fund's partnership agreement, and in the applicable subscription agreement. Furthermore, a TPGRE Vehicle's general partner may permit affiliates and certain business associates and other "friends and family" of TPG to invest directly or indirectly in the TPGRE Vehicle on terms that may be more favorable than those offered to the other investors, including with respect to the payment of management fees and carried interest. If TPGRE or its affiliates enter into a Side Letter entitling a TPGRE Investor to opt out of a particular investment or withdraw from a TPGRE Vehicle, any election to opt out or withdraw by such investor may increase any other investor's pro rata interest in that particular investment (in the case of an opt-out) or all investments (in the case of a withdrawal).

The terms negotiated with individual TPGRE Investors may vary for a number of reasons, including not only the TPGRE Investor's regulatory and/or tax status or other requirements or policies applicable to it, but also the amount of the investor's commitment, the investor's overall commercial relationship with TPGRE and its affiliates, whether the investor makes its commitment at the initial closing of a Fund, and the nature of a particular investment. Though a TPGRE Vehicle's Governing Documents may include a "most favored nation" ("MFN") clause that provides that investors will be informed of and have the right to select certain Side Letter rights provided to other investors, such clauses are typically subject to a number of significant conditions and limitations. In addition, other investors may have relationships with TPGRE that encompass a number of different funds and products and that rights and privileges provided to such investors with respect to those other funds and products in consideration of the overall relationship with TPG will not be subject to the MFN right.

### ***Business with Portfolio Investments and Investors***

Given the collaborative nature of TPG's business and the portfolio investments in which some TPGRE Vehicles and Related Funds may invest, there may often be situations in which TPGRE



is in the position of recommending services of one portfolio investment of a TPGRE Vehicle or Related Fund to other portfolio investments of TPGRE Vehicles. TPGRE may have a conflict of interest in making such recommendations, in that TPG has an incentive to maintain goodwill between it and the existing and prospective portfolio investments for the TPGRE Vehicles or Related Funds, while the products or services recommended may not be necessarily be the best available to the portfolio investments held by the TPGRE Vehicles or the most favorably priced.

TPGRE may, in its discretion, have, and may, in its discretion, cause the TPGRE Vehicles and/or certain of their portfolio investments to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of TPGRE or a Related Adviser. The TPGRE Vehicles and/or their portfolio investments may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between TPGRE and the TPGRE Vehicles (or their portfolio investments) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that TPGRE may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

TPGRE and TPG have service providers, including for example, investment bankers and outside legal counsel, who are investors in TPGRE Vehicles and/or who provide services to businesses that are competitors of TPGRE. TPGRE may have a conflict of interest with the TPGRE Vehicle in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in TPGRE Vehicles or Related Funds or will provide TPGRE or TPG information about TPGRE's competitors. There is a possibility that TPGRE, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Portfolio investments controlled by a TPGRE Vehicle may provide services to certain TPGRE Vehicle or Related Fund investors. TPGRE may have an incentive to cause the portfolio investment to favor those investors relative to other portfolio investment clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio investment's profitability to the Fund. Additionally, the portfolio investment could recommend to its clients or customers that they invest in a TPGRE Vehicle.

TPGRE may engage in business opportunities arising from a TPGRE Vehicle's portfolio investment (for example, without limitation, entering into a joint venture with a portfolio investment or making a proprietary portfolio investment).

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, limited partners of a TPGRE Vehicle or one or more other TPGRE Vehicles or Related Funds. The general partner of a TPGRE Vehicle or a Related Fund may from time to time utilize the services of limited partners and their affiliates on an arm's length basis, as it deems appropriate.

### ***Other Potential Conflicts***

TPGRE Vehicles and the Related Funds will often engage common legal counsel and other advisers to represent all of the TPGRE Vehicles and/or the Related Funds in a particular transaction, including a transaction in which a TPGRE Vehicle, other TPGRE Vehicles or Related Funds have conflicting interests because they are investing in different securities of a single company. In the event of a significant dispute or divergence of interest between a TPGRE Vehicle, other TPGRE Vehicles or Related Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case TPGRE and the other Related Advisers may hire separate counsel in their sole discretion, and in litigation and other circumstances, separate representation may be required. Law firms engaged to represent TPGRE Vehicles and Related Funds, partners in those firms or entities affiliated with those firms may be investors in such TPGRE Vehicle, other TPGRE Vehicles or Related Funds, and may also represent one or more portfolio investments or limited partners of such TPGRE Vehicle, other TPGRE Vehicles and/or Related Funds. Additionally, TPGRE and the TPGRE Vehicles and the portfolio investments of the TPGRE Vehicles may engage other common service providers. In such circumstances, there may be a conflict of interest between TPGRE, on the one hand, and the TPGRE Vehicles and portfolio investments, on the other hand, in determining whether to engage such service providers, including the possibility that TPGRE may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the TPGRE Vehicles and/or the portfolio investments.

TPG is a broad-based alternative investment platform that may engage in strategic transactions involving the acquisition of, or business combination with, other investment platforms. In the event that TPGRE engages in such strategic transactions or any other transactions resulting in an “assignment” (as defined under the Investment Advisers Act) of the Advisory Services Agreement or of any other agreement and to the extent TPGRE or any other entity as a result thereof must seek the consent of a TPGRE Vehicle under applicable law, under the Advisory Services Agreement or under any other agreement, the TPGRE Vehicle’s general partner will not be required to seek the consent of the investors but shall be authorized to act for and on behalf of the Fund in determining whether or not to provide such consent. The general partner will have a conflict of interest in determining whether to provide such consent.

A TPGRE Vehicle and one or more other TPGRE Vehicles or Related Funds may hold “plan assets” subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). With respect to those plan assets, if any, TPGRE and certain related entities may be classified as “fiduciaries” under ERISA. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a TPGRE Vehicle may be prohibited from entering into certain transactions if the investment would violate ERISA with respect to such TPGRE Vehicle or such other TPGRE Vehicles or Related Funds, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such TPGRE Vehicle, such other TPGRE Vehicles or such Related Funds.

From time to time TPGRE may, in its discretion, enter into transactions with investors in one or more TPGRE Vehicles to dispose of all or a portion of certain investments held by one or more

TPGRE Vehicles. In exercising its discretion to select the purchaser(s) of such investments, TPGRE may consider some or all of the factors listed above under “Allocation of Investment Opportunities, Fees and Expenses” and such other factors as it deems relevant. The sales price for such transactions will be mutually agreed to by TPGRE and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by TPGRE. Although TPGRE is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable TPGRE Vehicle(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable TPGRE Vehicle(s). Any such transactions will comply with the Governing Documents of the applicable TPGRE Vehicle(s).

TPGRE Personnel may have an interest in a potential portfolio investment of a TPGRE Vehicle, or in an unaffiliated vehicle that participates with a TPGRE Vehicle in a co-sponsored deal. Such interest may create a conflict of interest with respect to such person as between the person’s interest and the interest of the TPGRE Vehicle. TPGRE’s investment review process involves a substantial number of persons, which TPGRE believes mitigates the ability of any person to control an investment decision in such case. Additionally, TPGRE’s Code of Ethics would require TPGRE Personnel to disclose such ownership interests periodically.

Certain TPGRE Personnel may make, directly or indirectly, co-investments in transactions in which a TPGRE Vehicle is also making an investment. Any such co-investment would be subject to pre-clearance in accordance with TPGRE’s Code of Ethics.

TPGRE may serve on committees in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings, and this involvement, for which TPGRE may be compensated, may limit or preclude the flexibility that the TPGRE Vehicles may otherwise have to make investments.

The Governing Documents of certain TPGRE Vehicles generally permit the general partner of each such TPGRE Vehicle to cause such TPGRE Vehicle to distribute such general partner’s share of securities resulting from an investment disposition by such TPGRE Vehicle to such general partner or its affiliates (including employees) in kind, while disposing of limited partners’ share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the general partner and the limited partners of the applicable TPGRE Vehicle, because the general partner may have an incentive to cause the TPGRE Vehicle to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the general partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners). Furthermore, the general partner of a TPGRE Vehicle, or its affiliates, may receive distributions in kind from an investment disposition. In the event the general partner or its affiliates receive such a distribution, the general partner may act in its own interest with respect to its share of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as the general partner shall determine. The ability of the general partner to act in its

own interest with respect to such distributed shares creates a conflict of interest between the general partner or affiliate, as an adviser to the TPGRE Vehicle, and the TPGRE Vehicle.

The Governing Documents of certain TPGRE Vehicles generally permit each such TPGRE Vehicle's general partner to withhold information from certain limited partners or investors in such TPGRE Vehicle in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner may elect to withhold certain information to such limited partners for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which TPGRE and its related persons may seek to alleviate conflicts of interest among the TPGRE Vehicles or other persons.

## **Item 12 – Brokerage Practices**

### ***Investment or Brokerage Discretion***

For each of the TPGRE Vehicles, TPGRE has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. TPGRE will seek the best price and execution available except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services. "Best execution" means obtaining for a TPGRE Vehicle the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer.

In selecting brokers or dealers, TPGRE generally will consider various factors, including: the reputation, experience and financial stability of the broker-dealer; the ability to maintain TPGRE's anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the TPGRE Vehicles have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship, quality of service rendered by the broker-dealer in prior transactions, and quality of any proprietary research and investment ideas.

TPGRE has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so-called "soft dollar" arrangements). However, brokers or dealers may be selected who provide research reports and services to TPGRE, including: proprietary broker-dealer company research and analyses; oral and written reports, statistics and advice about the economy, industries and individual securities' or company investment opportunities; and reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital

markets statistics, both of which may be attractive for one or more TPGRE Vehicles or to TPGRE; and opportunities to confer with company management. In accordance with Section 28(e) of the Exchange Act, broker-dealers providing such services may be paid commissions on transactions for TPGRE Vehicles in excess of those that other broker-dealers not providing such services might charge so long as TPGRE determines in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided, taking into account all of the accounts over which TPGRE exercises investment discretion. Recognizing the value of the brokerage and research services provided, TPGRE may allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction.

TPGRE will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. TPGRE will also periodically review the past performance of the broker-dealers with whom it has placed orders to execute TPGRE Vehicle transactions in light of the factors discussed above.

Please refer to the section above entitled Conflicts Relating to the General Partners, TPGRE Vehicles, TPGRE and certain Related Advisers for a discussion of potential conflicts of interests that may result in the choice of TPGRE service providers, including broker-dealers.

### ***Cross Transactions***

Generally, TPGRE does not effect cross transactions between TPGRE Vehicles and Related Funds (a “cross-fund transaction”); however, they may be effected in rare instances. Such cross-fund transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a TPGRE Vehicle may not receive the best price otherwise possible, or TPGRE might have an incentive to improve the performance of one TPGRE Vehicle or Related Fund by selling underperforming assets to a TPGRE Vehicle in order, for example, to earn fees. Additionally, in connection with such transactions, TPGRE (i) may have significant investments, or intentions to invest, in the TPGRE Vehicle or Related Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). TPGRE may receive advisory or other fees in connection with their management of the relevant TPGRE Vehicles or Related Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant TPGRE Vehicles or Related Funds.

In the event that TPGRE does effect cross-fund transactions between TPGRE Vehicles or Related Funds, TPGRE generally shall seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and TPGRE’s policies and procedures. In particular, TPGRE generally shall seek to ensure that the transaction is:

- in TPGRE’s judgment, in the best interests of each TPGRE Vehicle involved in the transaction; and
- in compliance with any investment guidelines or restrictions for these TPGRE Vehicles.

In effecting these transactions, TPGRE shall ensure that the purchase or sale is effected at a price that is comparable to what price could be obtained through an arm's-length transaction with a third party and that is otherwise fair to both parties. Documentation shall be maintained by TPGRE to memorialize the basis for determining fairness in pricing. Neither TPGRE nor any of its affiliates may receive any compensation for effecting a cross-fund transaction.

### ***Trade Aggregation***

In pursuing its investment objectives, TPGRE may cause TPGRE Vehicles to purchase and sell publicly-traded securities through brokers. If TPGRE has determined to sell or purchase a publicly-traded security at the same time for more than one TPGRE Vehicle, TPGRE may “bunch” buy or sell orders for two or more TPGRE Vehicles into a single large order, and place the bunched order with a single broker or dealer for execution. In many instances, such “bunching” of orders can result in lower commissions, a more favorable net price or more efficient execution than if each TPGRE Vehicle’s order were placed separately. There may, however, be instances in which order bunching results in a less favorable transaction than a particular TPGRE Vehicle would have obtained by trading separately. Similarly, when orders are not bunched, there may be circumstances when purchases or sales of portfolio securities for one or more TPGRE Vehicles will have an adverse effect on other TPGRE Vehicles. TPGRE is not obligated to place all transactions on a “bunched” basis. TPGRE generally will seek to avoid putting any TPGRE Vehicle at an advantage or disadvantage compared to other TPGRE Vehicles that are buying or selling the same security. Each TPGRE Vehicle participating in a “bunched” order generally will participate at the same price as all other participants, and all transaction costs on the order will be allocated pro rata to all participating TPGRE Vehicles.

## **Item 13 – Review of Accounts**

### ***Review of Accounts***

TPGRE closely monitors the investment portfolios of the TPGRE Vehicles. Members of TPGRE and/or other TPGRE professionals continually review and analyze existing investment positions to attempt to identify issues early on and to take action when necessary. All investments of TPGRE Vehicles are included in TPG’s portfolio company monitoring process (“Performance Reporting”). Performance Reporting meetings are in-depth monthly or quarterly investment reviews, during which deal teams—led by the deal partner—review prepared materials with a committee jointly led by TPG’s Chief Investment Officer, head of the TPG operations group, and head of the TPG funding group. The investment portfolios of the TPGRE Vehicles are generally private, illiquid and long-term in nature, and accordingly TPGRE’s review of them is not directed toward a short-term decision to dispose of securities.

### ***Reporting***

TPGRE generally reports to investors in a TPGRE Vehicle in accordance with the Governing Documents of the applicable TPGRE Vehicle.

## **Item 14 – Client Referrals and Other Compensation**

For information regarding any economic benefits provided to TPGRE by non-clients, including a description of related conflicts of interest, please see “Other Financial Industry Activities and Affiliations” above. In addition, as discussed in Item 11, TPGRE and its related persons may, in certain instances, receive discounts on products and services provided by portfolio investments held by TPGRE Vehicles.

## **Item 15 – Custody**

Not applicable.

## **Item 16 – Investment Discretion**

Pursuant to the Advisory Services Agreement of each Fund and certain Co-Investment Vehicles, and subject to the direction and control of the general partner of such Fund or Co-Investment Vehicle, TPGRE generally performs the day-to-day investment operations of each such Fund and Co-Investment Vehicle in accordance with the terms and conditions of the Advisory Services Agreement and partnership agreement of such Fund or Co-Investment Vehicle.

Some Co-Investment Vehicles are established to invest alongside one or more Funds in one or more particular investment opportunities. Because a Co-Investment Vehicle may be contractually required, as a condition of its investment, to exit its investment in the particular investment opportunity at the same time and on the same terms as the applicable Fund that also is invested in the particular investment opportunity, TPGRE may not have any discretion to invest the assets of such Co-Investment Vehicles independent of such contractual requirements.

## **Item 17 – Voting Client Securities**

TPGRE has been delegated the authority to vote proxies (which, for these purposes, includes other corporate actions, such as consent requests) regarding securities held by the TPGRE Vehicles. TPGRE has adopted and implemented policies and procedures reasonably designed to ensure that it votes proxies in the best interests of the TPGRE Vehicles. In exercising its voting discretion, TPGRE seeks to avoid any direct or indirect conflict of interest between the TPGRE Vehicles and the voting decision.

It is the general policy of TPGRE to vote or to give consent on all matters presented to security holders in any proxy or similar request, and its policies and procedures have been designed with that in mind. However, TPGRE reserves the right to abstain on any particular vote or otherwise to withhold its vote or consent on any matter if, in the judgment of certain professionals within TPGRE, the costs associated with voting such proxy outweigh the benefits to the applicable TPGRE Vehicles or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable TPGRE Vehicles.

TPGRE Vehicles generally cannot direct TPGRE’s vote.

TPGRE’s Chief Compliance Officer or his delegate (a “Proxy Reviewer”) is responsible for monitoring proxy decisions for any actual or perceived conflicts of interests. All proxy voting

decisions require a mandatory conflicts of interest review by a Proxy Reviewer, which includes consideration of whether TPGRE or any investment professional or other person recommending how to vote the proxy has an interest in how the proxy is voted that may present a conflict of interest. When the Proxy Reviewer deems appropriate in his sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Proxy Reviewer has the power to retain independent fiduciaries, consultants or professionals to assist with proxy voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

When voting proxies on behalf of TPGRE Vehicles, TPGRE votes in a manner that it believes is consistent with the best interest of the TPGRE Vehicles. TPGRE does not permit proxy voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

In accordance with the requirements of the Advisers Act, TPGRE maintains records of its proxy voting for at least five years and, at a TPGRE Vehicle's request, will furnish proxy voting information, free of charge, to the requesting TPGRE Vehicle within a reasonable period of time (usually within ten business days). TPGRE Vehicles may request proxy voting information by contacting the Chief Compliance Officer at (817) 871-4000 or by writing to TPG Real Estate Advisors, LLC, Attn: Chief Compliance Officer, at 301 Commerce St., Suite 3300, Fort Worth, Texas 76102.

#### **Item 18 – Financial Information**

Not applicable.