

OAKTREE FUND ADVISORS, LLC

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Form ADV Part 2A - the Brochure

Updated: July 24, 2018

This Brochure provides information about the qualifications and business practices of Oaktree Fund Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (213) 830-6300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Oaktree Fund Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

There has been one material change since the initial brochure, dated February 2, 2018, which is a disclosure in Item 9 – Disciplinary Information in relation to an advisory affiliate of Oaktree Fund Advisors, LLC.

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ITEM 4. ADVISORY BUSINESS

Oaktree Fund Advisors, LLC (“Oaktree Advisors” or “we” and, together with entities controlling, controlled by, or under common control with (excluding portfolio companies), Oaktree Advisors, “Oaktree”), a Delaware limited liability company, was formed in September 2017 and is wholly owned by Oaktree Capital II, L.P. Oaktree Advisors’ ultimate parent is Oaktree Capital Group, LLC, a publicly traded company listed on the New York Stock Exchange that trades under the ticker “OAK”. Additional indirect owners of Oaktree Advisors are Oaktree Holdings, Inc., and Oaktree Capital Group Holdings, L.P.

Oaktree Advisors offers investment advisory services to Oaktree Real Estate Income Trust, Inc., a non-traded real estate investment trust (“REIT”) registered with the U.S. Securities and Exchange Commission (“OakREIT”) pursuant to an advisory agreement. In such capacity, Oaktree Advisors is responsible for implementing OakREIT’s investment strategy, which includes making investment decisions in constructing OakREIT’s portfolio and providing related portfolio management, in accordance with OakREIT’s investment objectives, guidelines, policies and limitations, subject to oversight by OakREIT’s board of directors. As such, Oaktree Advisors tailors its advisory services to the particular needs of OakREIT and not the needs of the individual investors in OakREIT.

Oaktree Advisors is an affiliate of the sponsor of OakREIT, Oaktree Capital Management, L.P. (“Oaktree Capital”), an SEC registered investment adviser and a related adviser of Oaktree Advisors. Oaktree Capital is a leader among global investment managers specializing in alternative investments. Oaktree Capital manages assets across a wide range of investment strategies within six asset classes: distressed debt, corporate debt, control investing, convertible securities, real estate and listed equities.

As of July 24, 2018, OakREIT has not yet held a closing and as such we do not have any regulatory assets under management as of the date herein.

ITEM 5. FEES AND COMPENSATION

OakREIT will pay Oaktree Advisors the fees and expense reimbursements described below in connection with performing services for OakREIT.

A. COMPENSATION FOR ADVISORY SERVICES

Management Fee and Performance Fee

OakREIT will pay Oaktree Advisors (1) a management fee equal to 1.25% of NAV per annum payable monthly and (2) a performance fee equal to 12.5% of OakREIT’s Total Return, subject to a 5% Hurdle Amount and a High Water Mark, with a Catch-Up (each term as defined herein) payable annually. Oaktree Advisors has agreed to waive its management fee for the first six months following the date on which OakREIT breaks escrow for its initial public offering.

Specifically, Oaktree Advisors will receive a performance fee in an amount equal to: (1) if the Total Return for the applicable period exceeds the sum of (i) the Hurdle Amount for that period and (ii) the Loss Carryforward Amount (any such excess, “Excess Profits”), 100% of such annual Excess Profits until the total amount allocated to Oaktree Advisors equals 12.5% of the sum of (x) the Hurdle Amount for that period and (y) any amount allocated to Oaktree Advisors pursuant to this clause (this is commonly referred to as a “Catch-Up”); and (2) to the extent there are remaining Excess Profits, 12.5% of such remaining Excess Profits.

“Total Return” for any period since the end of the prior calendar year shall equal the sum of: (i) all distributions accrued or paid (without duplication) on OakREIT’s shares outstanding at the end of such period since the beginning of the then-current calendar year; plus (ii) the change in aggregate net asset value (“NAV”) of such shares since the beginning of the year, before giving effect to (x) changes resulting solely from the proceeds of issuances of shares, (y) any allocation/accrual to the performance fee, and (z) applicable



stockholder servicing fee expenses (including any payments made to OakREIT for payment of such expenses). For the avoidance of doubt, the calculation of Total Return will (i) include any appreciation or depreciation in the NAV of shares issued during the then-current calendar year but (ii) exclude the proceeds from the initial issuance of such shares.

“Hurdle Amount” for any period during a calendar year means that amount that results in a 5% annualized internal rate of return on the NAV of OakREIT’s shares outstanding at the beginning of the then-current calendar year and all shares issued since the beginning of the then-current calendar year, taking into account the timing and amount of all distributions accrued or paid (without duplication) on all such shares and all issuances of shares over the period and calculated in accordance with recognized industry practices. The ending NAV of the shares used in calculating the internal rate of return will be calculated before giving effect to any allocation/accrual to the performance fee and any applicable stockholder servicing fee expenses. For the avoidance of doubt, the calculation of the Hurdle Amount for any period will exclude any shares repurchased during such period, which shares will be subject to the performance fee upon repurchase. Except as described in Loss Carryforward Amount below, any amount by which Total Return falls below the Hurdle Amount will not be carried forward to subsequent periods.

“Loss Carryforward Amount” shall initially equal zero and shall cumulatively increase by the absolute value of any negative annual Total Return and decrease by any positive annual Total Return, provided that the Loss Carryforward Amount shall at no time be less than zero and provided further that the calculation of the Loss Carryforward Amount will exclude the Total Return related to any OakREIT shares repurchased during such year, which shares will be subject to the performance fee upon repurchase. The effect of the Loss Carryforward Amount is that the recoupment of past annual Total Return losses will offset the positive annual Total Return for purposes of the calculation of Oaktree Advisors’ performance fee. This is referred to as a “High Water Mark.”

B. OTHER TYPES OF FEES OR EXPENSES

OakREIT does not intend to pay Oaktree Advisors or its affiliates any separate fees for property acquisitions, dispositions, financings or development (except interest and other payments to the lender in cases where the lender is an affiliate of Oaktree Advisors), or adopt a long-term incentive plan, although OakREIT’s charter permits it to do so, subject to certain limitations. OakREIT will, however, reimburse Oaktree Advisors for out-of-pocket expenses related to the foregoing activities to the extent such expenses are paid by Oaktree Advisors.

OakREIT may retain third parties, including certain of Oaktree Advisors’ affiliates, for necessary services relating to OakREIT’s investments or its operations, including any administrative services, consulting services, valuation, construction, servicing, leasing, development, operating, loan origination, property oversight, reporting and other property management services. Any fees paid to Oaktree Advisors’ affiliates for any such services will not reduce the management fee or performance fee. Any such arrangements will be on arm’s-length terms and subject to approval by a majority of OakREIT’s board of directors (including a majority of the independent directors) not otherwise interested in the transaction.

The following is a list of expenses that will typically be borne by OakREIT (and indirectly by the investors of OakREIT) where applicable. This list is not intended to be exhaustive and investors in OakREIT are advised to review the advisory agreement between OakREIT and Oaktree Advisors (the “Advisory Agreement”) and OakREIT’s prospectus.

- Organization and offering expenses, namely any and all costs and expenses incurred by OakREIT and to be paid from OakREIT’s assets in connection with the formation of OakREIT and the qualification and registration of an offering, and the marketing and distribution of OakREIT’s shares, including, without limitation, total underwriting and brokerage discounts and commissions, costs related to investor and broker-dealer sales meetings, fees and expenses of the underwriters’ attorneys, expenses

for printing, engraving, mailing, salaries of employees while engaged in sales activity, charges of transfer agents, registrars, trustees, escrow holders, depositaries, experts, expenses of qualification of the sale of the shares under federal and state securities laws, including taxes and fees and accountants' and attorneys' fees.

- Acquisition expenses, namely any and all expenses, exclusive of acquisition fees, incurred by OakREIT, Oaktree Advisors or any affiliate of either in connection with the selection, evaluation, structuring, acquisition, origination, financing and development of any assets, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses and title insurance premiums and the costs of performing due diligence.
- Expenses incurred by OakREIT, Oaktree Advisors or any affiliate of either in connection with the disposition of any assets, whether or not disposed, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, accounting fees and expenses and title insurance premiums and the costs of cooperating with due diligence.
- Fees and expenses incurred by Oaktree Advisors or payable to third parties relating to consummated investments and proposed but unconsummated investments, including costs, expenses, fees and liabilities relating to sourcing, developing, evaluating, negotiating, structuring, acquiring, holding, administering, monitoring, financing, refinancing, managing, improving, operating, restructuring, disposing, trading, settling, hedging or enforcing rights in respect thereof, and monitoring OakREIT's financial, regulatory and legal affairs (in each case, including reasonable travel and related expenses associated therewith, which may include business or first class airfare consistent with Oaktree Advisors' travel policies as may be in effect from time to time), including agent, appraiser, retainer, finder, placement, adviser, consultant, custodian, sub-custodian, depositary, transfer agent, disbursal, brokerage, registration, legal and other similar costs, fees and expenses, in each case, to the extent that such fees and expenses are not reimbursed by other third parties (to the extent an investment opportunity is being considered for OakREIT and any Other Oaktree Accounts managed by Oaktree, Oaktree Advisors' out-of-pocket expenses related to the due diligence for such investment will be shared with such Other Oaktree Accounts pro rata based on the anticipated allocation of such investments opportunity between OakREIT and the Other Oaktree Accounts).
- Costs, fees and expenses for support services (including data processing, trading, settlement, stockholder relations, administration, custody, transfer agency, accounting, audit, appraisal, valuation, NAV calculation, escrow, banking, consulting, prime brokerage, technology, legal and tax support and other services) outsourced to third-party service providers or rendered to OakREIT by Oaktree Advisors or its affiliates in compliance with the Advisory Agreement.
- Appraisal and valuation costs, fees and expenses, including costs, fees and expenses of independent appraisal or valuation services or third-party vendor price quotations.
- Costs and expenses of reporting to regulatory authorities in any jurisdiction in which OakREIT or any subsidiary of OakREIT invests, is organized or is marketed or otherwise directly or indirectly conducts business related to OakREIT or its investments (including compliance with sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended), including the Securities and Exchange Commission ("SEC"), the U.S. Commodities and Futures Trading Commission ("CFTC"), the U.S. National Futures Association, the U.S. Treasury, the U.S. Internal Revenue Service and other national, state, provincial or local regulatory authorities in any country or territory (for example, Form PF, Form CPO-PQR and Form CTA-PR in the United States and filings related to the offering of interests in OakREIT in particular jurisdictions to the extent applicable) and the allocable portion of the costs of Oaktree Advisors' general compliance with the Advisors Act, such as preparation and updating of Form ADV.
- Sales, leasing and brokerage fees or commissions, finder's fees, placement fees, asset management, property management, development fees, construction fees, loan servicing fees, custodial expenses and



other costs, fees and expenses incurred in connection with OakREIT's investments, including managing, operating, maintaining and improving OakREIT's real property.

- All out-of-pocket expenses, fees, and liabilities that are incurred by OakREIT or by Oaktree Advisors on behalf of OakREIT or that arise out of the operation and activities of OakREIT, including expenses related to forming, organizing and maintaining persons, including joint ventures and any subsidiary, through or in which OakREIT's investments may be made or held.
- Expenses connected with the payments of dividends or distributions in cash or any other form authorized or caused to be made by OakREIT's board of directors to or on account of holders of OakREIT's securities, including, without limitation, in connection with any distribution reinvestment plan.
- The compensation and expenses of OakREIT's directors (excluding those directors who are directors, officers or employees of Oaktree Advisors or its affiliates) and the cost of liability insurance to indemnify OakREIT's directors and officers.
- OakREIT's allocable share of costs associated with technology-related expenses, including without limitation, any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors or affiliates of Oaktree Advisors, technology service providers and related software/hardware utilized in connection with OakREIT's investment and operational activities.
- Costs, fees and expenses relating to the structuring, incurrence, maintenance and repayment of indebtedness (together with any interest and other amounts payable thereon and fees and expenses related thereto, including commitment fees, prepayment or redemption fees or premiums, accounting fees, legal fees, closing and other similar costs) of OakREIT.
- License and registration fees.
- Taxes and other governmental charges, fees and duties.
- Fees and expenses associated with independent audits and outside legal costs, including compliance with applicable federal and state securities laws.
- All costs, expenses, fees and liabilities incurred in connection with any merger or consolidation of OakREIT with, or conversion of OakREIT to, a different entity.
- Costs, fees and expenses of winding up and liquidation.
- Litigation, indemnification and other extraordinary or non-reoccurring expenses, including judgment or settlement of any proceeding against OakREIT, its subsidiaries or officers and directors of OakREIT in their capacity as such.
- Dues, fees and charges of any trade association of which OakREIT is a member.
- Expenses incurred by officers or directors of OakREIT or employees of Oaktree Advisors in attending industry or trade conferences on behalf of OakREIT.
- All insurance costs incurred in connection with the operation of OakREIT's business except for the costs attributable to the insurance that Oaktree Advisors elects to carry for itself and its personnel (other than OakREIT's directors and officers in their capacities as such).
- Bloomberg fees, research and software expenses, and other expenses incurred in connection with data services providing price feeds, news feeds, securities and company information and company fundamental data, all attributable to actual or potential investments and "S&P Index Alerts" attributable to actual or potential investments.
- Costs, fees and expenses for other third-party research, news, industry information, analytics and expert networks/research resources relating to potential investment opportunities or OakREIT's investments.
- Expenses connected with communications to and meetings of OakREIT's directors, including, without limitation, all costs of preparing, printing and hosting meeting materials on data sites, meeting space and costs of food and beverage.
- Expenses connected with communications to and meetings of the holders of OakREIT's securities or securities of its subsidiaries and other bookkeeping and clerical work necessary in maintaining

relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including, without limitation, all costs of preparing and filing required reports with the SEC, the costs payable by OakREIT to any transfer agent and registrar, expenses in connection with the listing and/or trading of OakREIT's securities on any exchange, the fees payable by OakREIT to any such exchange in connection with its listing, costs of preparing, printing and mailing OakREIT's annual report to its stockholders and proxy materials with respect to any meeting of the stockholders and any other reports or related statements.

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

OakREIT pays Oaktree Advisors a performance fee based on OakREIT's total distributions plus the change in NAV per share as described in Item 5, which may create an incentive for Oaktree Advisors to make riskier or more speculative investments on OakREIT's behalf than it would otherwise make in the absence of such performance-based compensation. However, the High Water Mark provision in the Advisory Agreement should reduce the incentive to make riskier or more speculative investments or otherwise time the sale of investments in a manner motivated by the personal interests of Oaktree personnel. In addition, the change in NAV per share will be based on the value of OakREIT's investments on the applicable measurement dates and not on realized gains or losses. As a result, Oaktree Advisors may receive performance fees based on unrealized gains in certain assets at the applicable measurement date and such gains may not be realized when final disposition of those assets eventually occurs.

ITEM 7. TYPES OF CLIENTS

Oaktree Advisors manages OakREIT. The investors in OakREIT may consist of some or all of the following:

- Banks and other financial institutions.
- Insurance companies.
- Investment companies.
- Public and private retirement and pension plans.
- Public and private profit sharing plans.
- Trusts and estates.
- Charitable organizations and foundations, including endowment funds thereof.
- State and municipal government agencies.
- Sovereign wealth funds.
- Private investment funds;
- Corporations.
- Business entities other than those listed above.
- Certain individuals (including individuals' retirement accounts).
- Family offices.

All investors are subject to applicable suitability requirements. Oaktree Advisors requires that each investor in OakREIT have either (i) a net worth of at least \$250,000; or (ii) a gross annual income of at least \$70,000 and a net worth of at least \$70,000, in each case excluding the value of the home, home furnishings and automobiles from the calculation of net worth. Certain states and brokers have established suitability standards in addition to the minimum income and net worth standards described above. Shares in OakREIT will be sold to investors in these states only if they meet the additional suitability standards set forth in the OakREIT offering materials. Shares in OakREIT will be sold to clients of certain brokers only if they meet the additional suitability standards required by such brokers.



The minimum initial investment in OakREIT is \$1,000,000 for Class I shares (unless waived by OakREIT's dealer manager) and the minimum subsequent investment in such shares is \$500 per transaction, unless such minimums are waived by the dealer manager. The minimum initial investment in Class T, Class S or Class D shares is \$2,500. The minimum account balance is \$500. The minimum subsequent investment amount does not apply to purchases made under OakREIT's distribution reinvestment plan. In addition, OakREIT's board of directors may elect to accept smaller investments at its discretion.

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

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Oaktree Advisors investment team ("Real Estate Team") takes a systematic approach to the investment process, which includes deal sourcing, acquisition, and asset management. Supporting every step of the investment process is our fundamental, bottom-up research and investment committee review.

We adhere to a "cradle-to-grave" management philosophy in which the investment teams are responsible for managing each asset from initial sourcing, acquisition and asset management through final disposition. This helps ensure continuity throughout the life of an investment, while incentivizing our investment teams to focus on long-term success rather than short-term execution goals. We also believe this approach allows the investment teams to learn lessons from their asset management roles and apply those lessons directly to acquisition and due diligence efforts. This approach allows members of the Real Estate Team to be involved in all major decisions, which includes taking significant roles in setting strategic direction, budgeting, repositioning, asset performance, sub-market monitoring and other key areas of real estate investment management.

Deal Sourcing

The sources of real property deal flow focus on asset owners, operating partners, corporate management teams, attorneys, consultants, and special real estate brokers. The Real Estate Team focuses on purchasing assets at discounts to market prices by generally sourcing deals on a proprietary basis through relationships with joint venture partners. The Real Estate Team has spent considerable effort developing relationships and evaluating opportunities across the top 50 U.S. real estate markets and currently has joint venture partnerships in place with over 65 real estate operators, including public companies, large developers and local operators, which provide access to mostly proprietary and less competitive deal flow.

With respect to our real estate-related debt investment deal flow, the Real Estate Team engages in a regular dialogue with a global network of banks, non-bank lenders, borrowers/operating partners and third-party service providers who assist in identifying new investments. We expect to engage certain consultants to assist with the sourcing of investment opportunities. Such consultants may receive a portion of any origination or other fees paid by a borrower in connection with investments that they source.

Acquisition Process

Once a potential acquisition target has been identified, the underwriting process involves a thorough review and approval process by an investment committee. When a transaction is brought to the attention of the Real Estate Team for consideration, a member of the group will prepare an abbreviated early warning memorandum for informal review and feedback from the team members. Following the initial review, further analysis, negotiation and structuring of the proposed investment is performed by the deal team. The



deal team, in conjunction with other groups within the firm (legal, tax, accounting, etc.), directs and conducts all due diligence on the investment with third-party involvement brought in as necessary. Although due diligence procedures are customized for specific elements of each deal, the team will follow traditional due diligence processes (physical, market, financial, environmental, insurance, tax, legal, etc.) in considering investments. In addition, due diligence is conducted through (a) communication with management, strategic partners, developers, appraisers, industry or product experts, third-party consultants, outside counsel, accountants, tax advisors and others; (b) analysis of customized research and existing research reports generated from real estate brokerage firms, investment banks, consultants and our extensive proprietary research center; (c) review of markets and physical reviews of assets; and (d) extensive review of legal documents and in-depth analysis of the capital structure to understand the key rights and control provisions of various investment classes in the structure.

Site inspections are an important aspect of our underwriting process. During the diligence phase, the number of times that the deal team visits a specific asset will vary according to the dynamics of the specific deal. Oaktree Advisors endeavors to spend time in the surrounding market, visiting competitive properties and understanding market dynamics. The Real Estate Team may also seek access to the public areas of the property, if any, and seek out partners or consultants who are familiar with the property or were recently involved with the property.

The Real Estate Team may outsource certain due diligence items to specialized consultants or third-party service providers. For example, while the Real Estate Team employs full-time legal staff who specialize in real estate law, it will also often engage an outside firm to assist on specific deals or specific specialized areas of real estate law. Other types of diligence, such as environmental or physical condition reports, will also often require the use of outside experts. Property Condition Reports ("PCRs") are typically prepared by independent third-party consultants who conduct site visits and interviews with property personnel. These consultants then prepare a report on quality of construction, areas of construction deficiency and recommended repairs, including estimates of the required repair costs. The conclusions reached in the PCR and during site visits are useful in projecting future capital expenditure needs and reserve requirements, which can ultimately have a significant impact on the underwriting. As with all other elements of the due diligence process, all engineering-related work is performed under the close supervision of the deal team.

After the due diligence process is substantially complete, the deal team will prepare an internal investment committee memorandum ("ICM"). The deal team then submits the ICM to the Real Estate Team's investment committee, which is comprised of the managing directors and senior vice presidents and chaired by a portfolio manager. There are no requirements for majority or supermajority decisions; instead, final responsibility to approve or reject a proposed transaction rests with the portfolio manager, after taking into consideration input from the rest of the team.

Asset Management

The Real Estate Team includes a dedicated asset management team which works collaboratively with the investment teams and operating partners to provide oversight of the real estate portfolio and ensure that the investment professionals have access to accurate and timely reporting on each investment. The asset management team serves a risk management control function by helping to identify asset or portfolio-level risk at an early stage and helps develop creative solutions, allowing the investment professionals to focus attention where it is needed most. The asset management team also plays a significant role in value protection and enhancement efforts and provides an additional layer of support to the investment teams, which includes (a) day-to-day value-add asset management responsibilities and initiatives, (b) contributing to high-level strategic decision-making, (c) portfolio rebalancing and (d) dedicated resources for time-intensive assets and potentially underperforming investments.



The asset management team works closely with a third-party firm that has been retained as a consultant to OakREIT to assist with data collection and analysis. Services provided include gathering and sorting data from operating partners and synthesizing data into standardized management reports and analysis tools used to streamline the management of our investment operating partners and financial reporting. We believe there is significant value in having an objective third party provide these services instead of relying on operating partners to report directly to Oaktree. Using such a service provider to assist our operating partners in the management and reporting process also helps ensure that management reports present data in an organized manner for all portfolio investments, allowing the Real Estate Team to have better information with which to monitor our portfolio.

B. RISK OF LOSS

An investment in OakREIT entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of an investment therein and bearing the risks such investments represent. Set forth below is a non-exhaustive list of such risks:

- OakREIT has no operating history and there is no assurance that it will be able to successfully achieve its investment objectives.
- OakREIT is a blind pool and thus OakREIT stockholders will not have the opportunity to evaluate OakREIT's investments before it makes them, which makes an investment in OakREIT's shares more speculative.
- Oaktree Advisors manages OakREIT's portfolio pursuant to very broad investment guidelines and generally is not required to seek the approval of OakREIT's board of directors for each investment, financing or asset allocation decision made by it, which may result in OakREIT making riskier investments and which could adversely affect its results of operations and financial condition.
- There is no public trading market for shares of OakREIT's common stock; therefore, OakREIT stockholders' ability to dispose of their shares will likely be limited to repurchase by OakREIT. If stockholders do sell their shares to OakREIT, they may receive less than the price they paid.
- OakREIT stockholders' ability to have their shares repurchased through OakREIT's share repurchase plan is limited. OakREIT may choose to repurchase fewer shares than have been requested to be repurchased, in its discretion at any time, and the amount of shares OakREIT may repurchase is subject to caps. Further, OakREIT's board of directors may modify, suspend or terminate the share repurchase plan if it deems such action to be in its best interest and the best interest of its stockholders.
- Economic events that may cause OakREIT's stockholders to request that OakREIT repurchase their shares may materially adversely affect OakREIT's cash flow and its results of operations and financial condition.
- The amount and source of distributions OakREIT may make to its stockholders is uncertain, and OakREIT may be unable to generate sufficient cash flows from its operations to make distributions to its stockholders at any time in the future.
- OakREIT may pay distributions and fund share repurchases from sources other than its cash flow from operations, including, without limitation, the sale of assets, borrowings or offering proceeds, and OakREIT has no limits on the amounts it may pay from such sources.
- Purchases and repurchases of OakREIT's common shares may not be made based on the current NAV per share of OakREIT's common stock.
- OakREIT's NAV per share amounts may change materially if the appraised values of its properties materially change from prior appraisals or the actual operating results for a particular month differ from what OakREIT originally budgeted for that month.
- It may be difficult to reflect, fully and accurately, material events that may impact OakREIT's monthly NAV.
- OakREIT faces risks associated with the deployment of its capital.



- OakREIT stockholders' investment return may be reduced if OakREIT is required to register as an investment company under the Investment Company Act.
- Operational risks, including interruption of OakREIT's information technology, communications systems or data services could disrupt its business, result in losses or limit OakREIT's growth.
- OakREIT's operating results will likely be affected by economic and regulatory changes that impact the real estate market in general.
- OakREIT's success is dependent on general market and economic conditions.
- OakREIT may have difficulty selling its properties, which may limit OakREIT's flexibility and ability to pay distributions.
- The sale and disposition of real properties carry certain litigation risks at the property level that may reduce OakREIT's profitability and the return on stockholders' investment.
- OakREIT will depend on tenants for its revenue, and therefore OakREIT's revenue will be dependent on the success and economic viability of its tenants. OakREIT's reliance on single or significant tenants in certain buildings may decrease its ability to lease vacated space.
- OakREIT may be unable to renew leases as leases expire.
- Leases with retail properties' tenants may restrict OakREIT from re-leasing space.
- OakREIT's properties will face significant competition.
- OakREIT's properties may be leased at below-market rates under long-term leases.
- OakREIT will depend on the availability of public utilities and services, especially for water and electric power. Any reduction, interruption or cancellation of these services may adversely affect OakREIT.
- OakREIT may experience material losses or damage related to its properties and such losses may not be covered by insurance.
- OakREIT could become subject to liability for environmental violations, regardless of whether it caused such violations.
- OakREIT's costs associated with complying with the Americans with Disabilities Act of 1990 may affect cash available for distribution.
- The properties OakREIT acquires will be subject to property taxes that may increase in the future, which could adversely affect its cash flow.
- Certain of OakREIT's investments may be in the form of ground leases, which provide limited rights to the underlying property.
- Certain properties may require permits or licenses.
- Certain properties may require an expedited transaction, which may result in limited information being available about the property prior to its acquisition.
- OakREIT's portfolio may be concentrated in a limited number of industries, geographies or investments.
- OakREIT faces risks associated with property acquisitions.
- Competition in acquiring properties may reduce OakREIT's profitability and the return on OakREIT stockholders' investment.
- In OakREIT's due diligence review of potential investments, OakREIT may rely on third-party consultants and advisors and representations made by sellers of potential portfolio properties, and OakREIT may not identify all relevant facts that may be necessary or helpful in evaluating potential investments.
- OakREIT may be adversely affected by trends in the multifamily, retail, office, hotel, and industrial real estate industries.
- Investments in real estate-related debt securities are subject to various risks, including creditor risks and early redemption features, which may materially adversely affect OakREIT's results of operations and financial condition.
- OakREIT's debt investments face prepayment risk and interest rate fluctuations that may adversely affect OakREIT's results of operations and financial condition.



- In certain cases, lenders may have recourse to all of OakREIT's assets in connection with financings for OakREIT properties. Where OakREIT enters into derivatives contracts that are not centrally cleared through a central counterparty, it will become subject to counterparty risk. OakREIT may enter into swaps transactions, which involve a variety of significant risks.
- OakREIT may invest in high-yield securities which are generally subject to more risk than higher rated securities.
- OakREIT may invest in distressed securities and some of its securities investments may become distressed, which securities would have a high risk of default and may be illiquid, and which may subject OakREIT to losses and other risks relating to bankruptcy proceedings.
- Certain risks associated with commercial mortgage-backed securities ("CMBS") may adversely affect OakREIT's results of operations and financial condition.
- Investments in subordinated debt carry greater risks than those associated with senior obligations.
- OakREIT may invest in other real estate-related companies and in the equity of other REITs that invest in real estate debt as one of their core businesses, which makes it subject to certain risks including those risks associated with an investment in OakREIT's own common stock.
- OakREIT may invest in derivatives, which involve numerous risks.
- OakREIT will incur mortgage indebtedness and other borrowings, which may increase its business risks, could hinder its ability to make distributions and could decrease the value of OakREIT's stockholders' investments.
- Volatility in the financial markets and challenging economic conditions could adversely affect OakREIT's ability to secure debt financing on attractive terms and OakREIT's ability to service any future indebtedness that OakREIT may incur.
- OakREIT depends on Oaktree Advisors to select its investments and otherwise conduct its business, and any material adverse change in Oaktree Advisors' financial condition or OakREIT's relationship with Oaktree Advisors could have a material adverse effect on OakREIT's business and ability to achieve its investment objectives.
- If OakREIT does not qualify as a REIT, OakREIT will be subject to tax as a regular corporation and could face a substantial tax liability.
- Conflicts of interest (See Item 10 – Other Financial Industry Activities and Affiliations).

ITEM 9. DISCIPLINARY INFORMATION

On July 10, 2018, the SEC accepted Oaktree Capital's offer to resolve an investigation into violations of Rule 206(4)-5 of the U.S. Investment Advisers Act of 1940 ("Advisers Act"), which prohibits a registered investment adviser from receiving compensation for advisory services from a governmental entity for two years after a prohibited political contribution exceeding certain limits is made by the adviser or a "covered associate" of the adviser to an official of or candidate for office of that governmental entity. Oaktree Capital cooperated immediately and fully with the SEC's inquiry into this matter and, without admitting or denying the SEC's findings in an administrative cease and desist order, agreed to a censure, to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-5 thereunder, and to pay a civil monetary penalty of \$100,000.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Oaktree Advisors is affiliated with the following entities:

Oaktree Capital is an SEC registered investment adviser and offers investment advisory services in investment strategies within six asset classes to clients with separately managed accounts ("Managed Accounts") and to private limited partnerships and other pooled investment vehicles ("Managed Funds"). Oaktree Capital is currently registered with the Commodities Futures Trading Commission ("CFTC") as a commodity pool operator

and commodity trading advisor and is a member of the National Futures Association. Certain of its management persons and employees that are involved in marketing activities are registered with the CFTC as principals or associated persons.

Oaktree Funds (the “Trust”) is a Delaware statutory trust and is registered with the SEC as an open-end investment management company under the Investment Company Act of 1940, as amended. The Trust currently consists of the Oaktree High Yield Bond Fund (the “Registered Fund”). Oaktree Capital is the investment adviser to the Registered Fund pursuant to an investment management agreement with the Trust on behalf of the Registered Fund. In addition, certain employees of Oaktree Capital are also officers of the Trust.

OCM Investments, LLC (“OCM Investments”), an affiliate of Oaktree Advisors, is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority. Certain Oaktree Capital employees that are involved in marketing activities are registered representatives of OCM Investments. Oaktree Capital or certain other affiliated entities serve as the general partner or investment manager of certain Managed Funds and the Registered Fund for which clients may be solicited to invest. Interests in them may be offered through OCM Investments. OCM Investments does not receive a commission on such sales but is paid for services performed by Oaktree Capital. OCM Investments will not be involved in the marketing or distribution activities of OakREIT.

In addition, Oaktree Capital may directly or indirectly seek the investment management, advisory or marketing services of affiliated entities outside of the United States with respect to Managed Funds and Managed Accounts. Oaktree Capital pays fees directly or indirectly to such affiliates for services performed. Certain of these affiliates are deemed to be relying advisers of Oaktree Capital, pursuant to the SEC’s Division of Investment Management staff guidance issued in a no-action letter, dated January 18, 2012, in response to the American Bar Association’s request for interpretive guidance. See below for a brief description of each relying adviser.

Relying Adviser	Description
Oaktree Capital Management (UK) LLP	Provides investment sub-management and advisory services to Oaktree Capital and certain Managed Accounts and Managed Funds as well as performs marketing activities. It is registered with the Financial Conduct Authority in the United Kingdom.
Oaktree Capital Management (International) Limited	Provides investment advisory services to Oaktree Capital and certain Managed Funds. It has applied to become authorized by the Financial Conduct Authority of the United Kingdom.
Oaktree GMBH	Provides advisory services to Oaktree Capital.
Oaktree France S.A.S.	Provides advisory services to Oaktree Capital.
Oaktree Capital (Hong Kong) Limited	Provides investment advisory and trading services to Oaktree Capital as well as performs marketing activities. It is licensed with the Hong Kong Securities and Futures Commission and is a registered foreign company with the Australian Securities and Investments Commission.
Oaktree Capital Management Pte. Ltd.	Provides advisory and incidental trading services to Oaktree Capital and is licensed with the Monetary Authority of Singapore.
Oaktree Japan, GK	Provides investment advisory services to Oaktree Capital as well as performs marketing activities. It is registered with the Kanto Local Finance Bureau in Japan.
Oaktree Capital (Seoul) Limited	Provides advisory services to Oaktree Capital.
Oaktree Infrastructure IV Manager LLC	Provides advisory services to a Managed Fund.
Oaktree Infrastructure Manager LLC	Provides advisory services to a Managed Fund.
Oaktree CLO RR Holder, LLC	Provides advisory services to securitized asset Managed Funds.



Oaktree Capital Management (UK) LLP (“Oaktree UK”) is a “Participating Affiliate” of Oaktree Advisors as that term is used in relief granted by the staff of the SEC allowing U.S. registered investment advisers to use investment advisory resources of non-U.S. investment adviser affiliates subject to the regulatory supervision of the U.S. registered investment adviser. Oaktree UK and any of its employees who assist Oaktree Advisors are considered to be an “associated person” of Oaktree Advisors as that term is defined in the Advisers Act for purposes of Oaktree Advisors’ required supervision. Oaktree UK has agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services it provides to OakREIT through Oaktree Advisors.

Conflicts of Interest

General

Oaktree currently manages and may in the future manage other funds and accounts (collectively, the “Other Oaktree Accounts”). Such Other Oaktree Accounts invest in, and in some cases, have priority ahead of OakREIT, with respect to properties, securities or obligations eligible for purchase by OakREIT. This situation presents the potential for conflicts of interest. While Oaktree will seek to manage such potential conflicts of interest in good faith, there may be situations in which OakREIT’s interests with respect to a particular investment or other matter conflict with the interests of one or more Other Oaktree Accounts, Oaktree or one or more of their respective affiliates. For example, such conflicts may arise in situations where OakREIT has invested in the securities of an issuer, but due to changed circumstances, the investment opportunities with respect to such issuer subsequently fall within the investment focus of an Other Oaktree Account (or vice versa) or where OakREIT makes an investment in the same portfolio issuer in which an Other Oaktree Account has an investment at a different level of such portfolio issuer’s capital structure. Such changed circumstances might include, among others: a fall in the prices of the securities of the issuer to distressed levels; a decline in the issuer’s business or financial condition; workouts or other restructurings relating to an issuer’s capital structure; or consideration by the issuer of strategic alternatives or other fundamental changes. Subject to the provisions of OakREIT’s charter, on any matter involving a conflict of interest, Oaktree will be guided by its fiduciary duties to OakREIT as well as to the Other Oaktree Accounts and will manage such conflict in good faith and seek to ensure that OakREIT’s interests and the interests of all affected Other Oaktree Accounts are represented. However, if necessary to resolve such conflict, Oaktree reserves the right to cause OakREIT to take such steps as may be necessary to minimize or eliminate the conflict, even if (subject to applicable law) that would require OakREIT to (a) forego an investment opportunity or divest investments that, in the absence of such conflict, OakREIT would have made or continued to hold or (b) otherwise take action that may have the effect of benefitting an Other Oaktree Account or Oaktree and therefore may not have been in the best interests of OakREIT or its stockholders.

Other Oaktree Accounts focused on opportunistic real estate investments have priority over OakREIT with respect to opportunistic equity investments in real estate. While this could potentially result in fewer investment opportunities being made available to OakREIT, Oaktree Advisors does not expect this priority to meaningfully impact the investment opportunities available to OakREIT as its investment strategy focuses on Real Estate Income (including core-plus and value-add assets) and not opportunistic real estate. No Other Oaktree Accounts other than the current vintage of Other Oaktree Accounts focused on opportunistic real estate investments currently have priority over OakREIT with respect to investment opportunities; however, future Other Oaktree Accounts may be granted allocation priorities over OakREIT (including with respect to specific sectors or geographies).

OakREIT’s investment strategy will overlap with certain Other Oaktree Accounts that have investment strategies similar to it, including Other Oaktree Accounts with real estate income (including core-plus and value-add assets) investment strategies and performing real estate debt strategies. Currently, there are two Other Oaktree Accounts with real estate income investment strategies that will overlap with OakREIT’s investment strategy and there may



be additional such Other Oaktree Accounts in the future. There may also be additional Other Oaktree Accounts with investment strategies that overlap with OakREIT's in the future.

If any matter arises that OakREIT and its affiliates (including Oaktree Advisors) determine in their good faith judgment constitutes an actual conflict of interest, Oaktree may take such action as it determines in good faith may be necessary or appropriate to ameliorate the conflict. Transactions between OakREIT and Oaktree will require approval by OakREIT's board of directors, including a majority of its independent directors. There can be no assurance that OakREIT's board of directors or Oaktree will identify or resolve all conflicts of interest in a manner that is favorable to OakREIT.

Fees of Oaktree Advisors

OakREIT pays Oaktree Advisors a management fee regardless of the performance of OakREIT's portfolio. Oaktree Advisors' entitlement to a management fee, which is not based upon performance metrics or goals, might reduce its incentive to devote its time and effort to seeking investments that provide attractive risk-adjusted returns for OakREIT's portfolio. OakREIT will be required to pay Oaktree Advisors a management fee in a particular period despite experiencing a net loss or a decline in the value of OakREIT's portfolio during that period.

OakREIT also pays Oaktree Advisors a performance fee based on OakREIT's total distributions plus the change in NAV per share, which may create an incentive for Oaktree Advisors to make riskier or more speculative investments on OakREIT's behalf than it would otherwise make in the absence of such performance-based compensation. In addition, the change in NAV per share will be based on the value of OakREIT's investments on the applicable measurement dates and not on realized gains or losses. As a result, Oaktree Advisors may receive performance fees based on unrealized gains in certain assets at the applicable measurement date and such gains may not be realized when final disposition of those assets eventually occurs.

Allocations of Investment Opportunities

OakREIT may share in investment opportunities presented to one or more of the Other Oaktree Accounts to the extent that Oaktree in good faith deems such allocation to be prudent or equitable based on the Investment Allocation Considerations (as defined below). Likewise, one or more Other Oaktree Accounts that are dedicated to, or have a portion of their investment strategy dedicated to, or whose governing documents permit investments consistent with, core-plus or value-add real estate strategy (the "Income Real Estate Accounts") may share in investment opportunities presented to OakREIT to the extent that Oaktree in good faith deems such allocation to be prudent or equitable based on the Investment Allocation Considerations. Additionally, certain investment opportunities that may be appropriate for OakREIT may be subject to priority rights granted to another existing or future Other Oaktree Accounts (including Other Oaktree Accounts focused on opportunistic real estate investments). While Oaktree will seek to manage potential conflicts arising out of the potentially overlapping investment objectives of OakREIT and certain Other Oaktree Accounts, there can be no assurance in the case of overlapping investment opportunities that the return on OakREIT's investment will be equivalent to or better than the returns obtained by the Other Oaktree Accounts participating in such investments. The decision by Oaktree to allocate an opportunity to an Other Oaktree Account could cause OakREIT to forego an investment opportunity OakREIT otherwise would have made.

As a general matter and except as otherwise set forth below, if two or more closed-end or open-end Income Real Estate Accounts are still in their respective investment periods, an available real estate investment opportunity will be allocated pursuant to a rotational system consistent with the Oaktree Real Estate Income Strategy Rotational Allocation Policy described below, as amended by Oaktree from time to time. OakREIT will be considered an open-end Income Real Estate Account subject to the Oaktree Real Estate Income Strategy Rotational Allocation Policy with respect to core-plus and value-add investment opportunities.

Pursuant to the Oaktree Real Estate Income Strategy Rotational Allocation Policy, each Income Real Estate Account is assigned a place in the rotational system based on its initial closing date, and each investment



opportunity is allocated to the first Income Real Estate Account in the rotational system queue. If such Income Real Estate Account declines the opportunity offered, it maintains its place at the beginning of the rotational queue until it accepts an investment opportunity, subject to limited exceptions, and the declined opportunity is offered to the next Income Real Estate Account in the queue. The Income Real Estate Account that accepts the investment opportunity will move to the back of the rotational queue; provided that, if the investment opportunity accepted by such Income Real Estate Account is not consummated, such Income Real Estate Account will move to the front of the rotational queue. If no Income Real Estate Account accepts the offered opportunity, it may be allocated by Oaktree to one or more Other Oaktree Accounts focusing on other strategies, if appropriate, pursuant to the Investment Allocation Considerations. Oaktree may also, in its sole discretion, establish additional rotational queues comprised of a smaller group of Income Real Estate Accounts from time to time, to allocate particular categories or sub-categories of core-plus or value-add real estate investments to such Income Real Estate Accounts. These special queues, which may or may not include OakREIT, may be established to ensure a fairer distribution of such opportunities among eligible Income Real Estate Accounts or to ensure diversification and limit the risk of excess concentration of particular types of investments in one or more Income Real Estate Accounts. For example, Oaktree may establish special queues for investments located within or outside of particular geographic areas, for particular types of properties (e.g. multi-family residential properties), for opportunities requiring equity investments above or below a particular threshold or for investments with particular tax characteristics. The rotational system for these special queues operates in the same manner as the main rotational queue. Notwithstanding the foregoing, if an investment opportunity is reasonably regarded as a follow-on to an investment previously made by one or more Income Real Estate Accounts, as determined by Oaktree in its discretion, such investment will be allocated to the Income Real Estate Accounts that made the original investment. If any such Income Real Estate Account declines or is unable to make the follow-on investment and Oaktree determines that another Income Real Estate Account could reasonably pursue the opportunity, this opportunity may be allocated based on the rotational system described above and Oaktree will determine, in its sole discretion, whether the Income Real Estate Account to which such opportunity is reallocated will move to the back of the rotation.

In the event that Oaktree determines that an investment opportunity allocated to OakREIT pursuant to the rotational system exceeds what should prudently be invested by OakREIT, Oaktree will, pursuant to the procedures set forth in the Oaktree Real Estate Income Strategy Rotational Allocation Policy and consistent with the Investment Allocation Considerations, determine, in its discretion and in good faith, which Other Oaktree Accounts (which may include other Income Real Estate Accounts) may participate in such investment along with, or instead of, OakREIT and the portion of such investment to be allocated thereto, to the extent applicable.

With respect to investment opportunities in real estate-related securities, except as otherwise set forth below (i) if two or more closed-end funds or accounts with the same investment focus are still in their respective investment periods, an available real estate-related securities investment opportunity will be allocated pro rata among them on the basis of available capital, except that the opportunity first will be allocated entirely to the oldest of the funds or accounts until that fund or account is 80% invested, committed for investment or reasonably reserved for follow-on investments, unless the terms of that fund or account provide that such fund or account will not have priority, and (ii) if two or more open-end funds or accounts, including OakREIT, with the same investment focus are still in their respective investment periods, an available real estate-related securities investment opportunity will be allocated pro rata to eligible accounts based on available capital and subject to limitations arising from concentration issues, along with other portfolio construction concerns as identified by Oaktree.

Similar to investment opportunities, sales, payoffs or other dispositions of an investment held by two or more closed-end funds or accounts generally will be allocated pro rata among them on the basis of their respective investments held, except that if Oaktree determines that opportunities to sell are limited, first priority may go to any funds or accounts in their liquidation periods (and, among funds in their liquidation periods, to the oldest of such funds). As between a closed-end fund or account that is in its investment period and an open-end fund or account (which typically does not have a limit on total size) with the same investment focus, investment opportunities will generally be allocated between OakREIT and the Other Oaktree Accounts based on Oaktree's



reasonable assessment of the amounts available for investment by each fund, and sales of an investment will generally be allocated pro rata between them on the basis of their respective investments held (disregarding for this purpose the age of the funds or accounts or which of them is in a liquidation period).

The foregoing allocations for both investments and sales may be overridden if Oaktree in good faith deems a different allocation to be prudent or equitable in light of (a) the size, nature and type of investment or sale opportunity, (b) principles of diversification of assets, (c) the investment guidelines and limitations governing any of such funds or accounts, including client instructions with respect to a specific investment and compressed ramp-up periods that are characteristic of certain investment vehicles, (d) cash availability, including cash that becomes available through leverage, (e) the magnitude of the investment, (f) redemption and withdrawal requests received by such funds or accounts, (g) a determination by Oaktree that the investment or sale opportunity is inappropriate, in whole or in part, for one or more funds or accounts, (h) applicable transfer or assignment provisions, (i) proximity of a fund or account to the end of its specified term, (j) the focus of the funds' or accounts' respective investment strategies, (k) applicable contractual obligations, (l) tax considerations and/or (m) such other factors as Oaktree may reasonably deem relevant, including the amount of leverage, if any, appropriate for such investment (all of the foregoing factors being hereinafter referred to collectively as the "Investment Allocation Considerations"). In some cases, Oaktree's observation and application of the Investment Allocation Considerations may affect adversely the price paid or received by OakREIT, or the size of the position purchased or sold by OakREIT.

The classification of an investment opportunity as appropriate or inappropriate for OakREIT or any of the Other Oaktree Accounts will be made by Oaktree, in good faith, at the time of purchase and will govern in this regard. This determination frequently will be subjective in nature. Consequently, an investment that Oaktree determined was appropriate (or more appropriate) for OakREIT (or that Oaktree determined was appropriate (or more appropriate) for any of the Other Oaktree Accounts) may ultimately prove to have been more appropriate for one of the Other Oaktree Accounts (or for OakREIT). Furthermore, the decision as to whether OakREIT or any of the Other Oaktree Accounts should make a particular follow-on investment, or whether the follow-on investment will be shared in the same proportion as the original investment, may differ from the decision regarding the initial purchase due to a changed determination on this issue by Oaktree, and investments made by OakREIT towards the end of the investment period may be structured so that one or more Other Oaktree Accounts can make an anticipated follow-on investment on certain prearranged terms and conditions, including price (which may be based on cost of the original investment). Where potential overlaps with any of the Other Oaktree Accounts do exist, such opportunities will be allocated by Oaktree, in good faith, after taking into consideration the investment focus of each affected fund or account and the Investment Allocation Considerations. Without approval by a majority of OakREIT's board of directors (including a majority of its independent directors) not otherwise interested in the transaction, OakREIT will not purchase any investments from, or sell any investments to, any of the Other Oaktree Accounts.

Investments Where Other Oaktree Accounts Hold Related Investments

Other Oaktree Accounts hold a number of real estate-related investments and/or may in the future make further investments in real estate-related assets or securities. OakREIT may make investments either in those same assets or in related assets.

In addition, OakREIT may make investments in entities or assets in which an Other Oaktree Account holds an investment in a different class of the debt or equity securities of such entities or such assets. For example, OakREIT may make investments in the equity of entities or assets in which Other Oaktree Accounts have made or will make investments in various tranches of CMBS securitizations or other debt instruments. OakREIT may also make investments in debt securities, loans or other obligations that relate to (or are secured by) the underlying real estate assets or portfolio issuers in which such Other Oaktree Accounts have an existing investment. For example, OakREIT may make investments in entities or assets in which one or more Other Oaktree Accounts hold an investment in a different class of the debt or equity securities of such entities or such assets (such as a mezzanine or junior CMBS position relating to an issuer in which an Other Oaktree Account



holds senior debt or a senior tranche of a CMBS securitization). OakREIT may also invest in different tranches of a CMBS securitization in which an Other Oaktree Account holds an investment, purchase loans that are part of the pool of loans relating to a CMBS securitization in which an Other Oaktree Account holds an investment or engage in transactions relating to the real estate assets that secure the pooled loans or with the entities that are the borrowers under those loans in such a CMBS securitization.

In the foregoing circumstances, to the extent OakREIT holds securities that are different (including with respect to relative seniority) than those held by such Other Oaktree Accounts, Oaktree could have conflicting loyalties between its duties to OakREIT and such Other Oaktree Account. For example, Oaktree could have an incentive to cause OakREIT to pay a higher purchase price (whether in an auction, the exercise of a fair value purchase option or otherwise) for a property that is collateral for a CMBS security held by an Other Oaktree Account. If OakREIT makes an investment in or, through the purchase of debt obligations, becomes a lender to, an issuer in which an Other Oaktree Account has an investment at a different level of such issuer's capital structure or if an Other Oaktree Account participates in a separate tranche of a fundraising with respect to such issuer, Oaktree may have conflicting loyalties between its duties to OakREIT and such Other Oaktree Accounts. In addition, if OakREIT controls or acts as the operating advisor to a special servicer with respect to a loan in a CMBS securitization in which an Other Oaktree Account holds CMBS in a different tranche of the securitization, Oaktree similarly could have conflicting loyalties in directing the actions of the special servicer with respect to the loan if OakREIT's interests and the interests of the Other Oaktree Account diverge. Likewise, if an Other Oaktree Account controls or acts as the operating advisor to a special servicer with respect to an issuer in which OakREIT holds an investment, the Other Oaktree Account may direct the special servicer to take certain actions with respect to the investment that may not be in OakREIT's best interests. In addition, it is possible that in a bankruptcy proceeding, foreclosure proceeding or other similar restructuring or workout that OakREIT's interest may be adversely affected by virtue of such Other Oaktree Accounts' involvement and actions relating to its investment (or vice versa).

Generally speaking, Oaktree expects that OakREIT will make investments that potentially conflict with the interests of an Other Oaktree Account only when, at the time of investment by OakREIT, Oaktree believes that (a) such investment is in OakREIT's best interests and (b)(i) the possibility of actual adversity between OakREIT and the Other Oaktree Account is remote, (ii) either the potential investment by OakREIT or the investment of such Other Oaktree Account is not large enough to control any actions taken by the collective holders of securities of such company or asset, or (iii) in light of the particular circumstances, Oaktree believes that such investment is appropriate for OakREIT, notwithstanding the potential for conflict. In those circumstances where OakREIT and an Other Oaktree Account hold investments in different classes of a company's debt or equity, Oaktree may also, to the fullest extent permitted by applicable law, take steps to reduce the potential for adversity between OakREIT and the Other Oaktree Account, including causing OakREIT to take certain actions that, in the absence of such conflict, OakREIT would not take, such as (A) remaining passive in a restructuring or similar situations (including electing not to vote or voting pro rata with other security holders), (B) investing in the same or similar classes of securities as the Other Oaktree Account in order to align their interests, (C) divesting investments or (D) otherwise taking an action designed to reduce adversity. Any such step could have the effect of benefiting an Other Oaktree Account (or Oaktree) and therefore may not have been in the best interests of, and may have been adverse to, OakREIT. A similar standard generally will apply if any Other Oaktree Account makes an investment in a company or asset in which OakREIT holds an investment in a different class of such company's debt or equity asset or securities.

In addition to the foregoing, OakREIT may provide financing to third parties that are purchasing real estate or real estate-related assets from one or more Other Oaktree Accounts. The consent of OakREIT's independent directors will not be required for OakREIT to provide such financing.

Participation in Follow-On Investments of Other Oaktree Accounts

To the extent any Other Oaktree Accounts have existing real estate or real estate-related debt investments and are afforded follow-on investment opportunities relating to such existing investments which would also be



appropriate for OakREIT, subject to the terms of the governing documents of such Other Oaktree Accounts and the general requirement that such follow-on investments be allocated to such Other Oaktree Accounts as described more fully above under “Allocations of Investment Opportunities,” in the event such Other Oaktree Accounts do not have sufficient available capital to make any such follow-on investments, OakREIT may be afforded an allocation of such follow-on investment in an amount equal to such shortfall, subject to the Investment Allocation Considerations.

Separate Accounts

To accommodate the needs of one or more particular investors (or related group of investors), Oaktree has established, and may in the future establish, one or more separate accounts. Such separate accounts may invest in certain securities or other investments eligible for purchase by OakREIT. For investments in real estate, such separate accounts may (a) participate in investments alongside OakREIT on a pro rata basis (subject to the Investment Allocation Considerations) or (b) be allocated available investment opportunities pursuant to a rotational system consistent with Oaktree’s Real Estate Income Strategy Rotational Allocation Policy as amended by Oaktree from time to time. In the event that Oaktree determines that an investment opportunity allocated to OakREIT pursuant to the rotational system exceeds what should prudently be invested by OakREIT, Oaktree will determine, in its discretion and in good faith, which Other Oaktree Accounts, including any separate accounts, may participate in such investment along with, or instead of, OakREIT and the portion of such investment to be allocated thereto, to the extent applicable.

For investments in real estate-related securities, to the extent that investment opportunities fall within the common objectives and guidelines of OakREIT and any separate account, the allocation of such investments between OakREIT and any such separate account may be pro rata based on available capital; however, Oaktree Advisors may alternatively allocate such investments on another basis that Oaktree Advisors determines to be consistent with the Investment Allocation Considerations in its discretion and in good faith. See “Allocations of Investment Opportunities” above.

Subsequent Real Estate Funds

In addition to creating a number of separate accounts, Oaktree may organize subsequent funds with objectives substantially similar to OakREIT’s. If a subsequent fund is created, the allocation of investments between it and OakREIT will be pursuant to the process described above, subject to any priority rights any such subsequent fund may be granted. See “Allocations of Investment Opportunities” above.

Allocation of Personnel

Oaktree Advisors will devote such personnel and time as it deems necessary to conduct OakREIT’s business affairs in an appropriate manner. However, Oaktree Advisors personnel will work on matters related to Other Oaktree Accounts and other Oaktree strategies. Conflicts may arise in the allocation of personnel among OakREIT and such Other Oaktree Accounts and Oaktree strategies.

Conflicts with Portfolio Companies of Oaktree and Other Oaktree Accounts

Oaktree has equity interest in portfolio companies and other affiliates that may act as agents and/or service providers for certain Other Oaktree Accounts, including OakREIT. While the payment of fees to a portfolio company of an Other Oaktree Account may give rise to potential conflicts of interest, Oaktree intends to address any such conflicts by requiring that only such portfolio companies’ management be involved in negotiating fees with Oaktree-managed funds, and by ensuring that Oaktree-managed funds and accounts using such portfolio companies’ services (including OakREIT) have a “most favored nations” clause with respect to servicing fees charged to any other similarly situated clients of such portfolio companies so that such Oaktree-managed funds and accounts will automatically receive the benefit of the most favorable fees. Fee arrangements with such

portfolio companies are expected to be comparable to fees that could be obtained in an arm's-length transaction with a third party.

Oaktree believes that its investments in certain portfolio companies providing financial services to certain accounts puts OakREIT and the Other Oaktree Accounts in an attractive position with respect to these portfolios and platforms by allowing them to offer an integrated team of capital and asset managers who can underwrite, fund and service the portfolios, as well as source attractive lending opportunities, often with significant flexibility to tailor the transaction to the needs of the seller or the borrower. Nevertheless, Oaktree's ownership of portfolio companies that provide such services presents certain potential conflicts of interest.

First, since Oaktree and the Other Oaktree Accounts will be paying such portfolio companies for their services, Oaktree, as an owner of such companies, will share in any profit. This potential profit has been minimized by having only fees run through the portfolio companies, with any performance fee paid directly to their employees through entities in which Oaktree does not have an economic interest. Oaktree has ensured it does not benefit at the expense of OakREIT and the Other Oaktree Accounts that use such portfolio companies' services by agreeing to rebate (through an offset to its management fee or, if necessary, the carried interest distributions) Oaktree's share of any net income of the portfolio company attributable to any fees paid by OakREIT and the Other Oaktree Accounts to the extent that such net income is received by Oaktree (as determined by the relevant advisor or general partner in good faith). Second, such portfolio companies that provide services to third parties may engage in their own real estate investment activities, including origination of real estate loans through certain of their affiliates. Such investments are generally expected not to be appropriate for OakREIT, but in certain cases could be appropriate for OakREIT. Any investment activity by such portfolio companies or their affiliates in debt opportunities that could be appropriate for OakREIT would be conducted independently of Oaktree, and Oaktree's Real Estate Team will not refer lending opportunities to such portfolio companies that are appropriate for OakREIT. However, Oaktree will benefit from the profits generated by any third-party business and may also provide the capital used by such portfolio companies to make investments (thereby realizing any returns on any such investment). Finally, Oaktree may benefit from a sale of its equity interests in such portfolio companies, if and when that were to occur.

Conflicts Relating to Expenses

Senior Advisors.

Oaktree may from time to time retain consultants or transition former Oaktree employees to consultant status to provide assistance with deal sourcing, industry insight or due diligence, offer financial and structuring advice and perform other services for OakREIT, Other Oaktree Accounts or their respective portfolio companies ("Senior Advisors"). Such services may be provided on an exclusive basis. OakREIT's share of any retainers, success fees or other fees charged by Senior Advisors ("Senior Advisor Fees") will be treated as a company expense borne by OakREIT (whether paid by OakREIT directly, by an issuer or by Oaktree and subsequently reimbursed by OakREIT). While such Senior Advisor Fees are believed by Oaktree to be reasonable and generally at market rates for the relevant services provided, because of exclusive arrangements Senior Advisor Fees may not always be comparable to costs, fees and expenses charged for such services by other third parties. In addition to such fees, OakREIT will also generally bear OakREIT's share of any travel costs or other out-of-pocket expenses incurred by Senior Advisors in connection with the provision of their services. Office, accounting, network, administration and other support benefits may be provided by Oaktree to Senior Advisors without charge. Amounts received by Senior Advisors in connection with their services, including any amounts paid in connection with particular transactions or investments, will not be considered Deal Fees (as defined below) and consequently will not reduce the management fee paid by OakREIT.

Senior Advisors may be granted the right to participate alongside OakREIT in transactions that they source or for which they provide advice. Such co-investment rights may result in OakREIT investing less capital than it otherwise would have in such transactions. In addition, such Senior Advisors may invest directly in OakREIT as stockholders.



Senior Advisors may also serve on the boards of portfolio companies or as employees or consultants in an operations capacity. Any directors' fees, salaries, consultant fees, other cash compensation, stock options or other forms of equity or other compensation received by Senior Advisors in such capacities will be borne by the portfolio companies, will not be considered Deal Fees and consequently will not reduce the management fee paid by OakREIT.

With respect to former Oaktree employees who become Senior Advisors, the fees and expenses associated with retaining such Senior Advisors will be considered a company expense only if the former employee is permanently terminating their employment with Oaktree. Services provided by these Senior Advisors may include, without limitation, providing services directly to an individual portfolio company, whether as an employee or service provider of such portfolio company, and will otherwise conform to the description of the role of Senior Advisors above.

Oaktree has retained certain entities as consultants to certain Other Oaktree Accounts and will retain certain entities as outside service providers to OakREIT and/or OakREIT's investments. Certain entities may provide asset management services to Oaktree-managed funds and accounts on an exclusive basis or on a near-exclusive basis. The costs, fees and expenses relating to the services provided by such entities are borne by the funds and accounts to which such services are provided. Any costs, fees and expenses allocated to OakREIT will be treated as an expense borne by OakREIT (whether paid by OakREIT directly, by a portfolio company or by Oaktree and subsequently reimbursed by OakREIT). While such costs, fees and expenses are believed by Oaktree Advisors to be reasonable and generally at market rates for the relevant services provided, the arrangements with such entities may result in such costs, fees and expenses not always being comparable to those charged for such services by other third parties.

Other Service Providers.

Services that Oaktree has historically performed in-house for Other Oaktree Accounts may for certain reasons, including efficiency considerations, be outsourced in whole or in part to third parties in the discretion of Oaktree in connection with OakREIT's operation. Such outsourced services may include, without limitation, accounting, tax, compliance, trade settlement, information technology or legal services. Outsourcing may not occur uniformly for all Oaktree-managed funds and accounts and, accordingly, certain costs may be incurred by OakREIT through the use of third-party service providers that are not incurred for comparable services used by Other Oaktree Accounts. The decision by Oaktree to initially perform particular services in-house for OakREIT will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. In addition, certain internal service providers (such as internal accountants) may "shadow" or otherwise review the reports or other services provided by such third parties. The costs, fees or expenses of any such third-party service providers will be treated as company expenses borne by OakREIT.

Moreover, certain advisors and other service providers (including, without limitation, accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms, developers or property managers and certain other advisors and agents) to OakREIT, Oaktree and/or certain entities in which OakREIT has an investment, or affiliates of such advisors or service providers, may also provide goods or services to or have business, personal, political, financial or other relationships with Oaktree, Oaktree-affiliated individuals, Other Oaktree Accounts or their portfolio companies. Such advisors or service providers (or their employees) may be investors in OakREIT or Other Oaktree Accounts, Oaktree and/or their respective affiliates, sources of investment opportunities, co-investors or commercial counterparties or entities in which Oaktree and/or Other Oaktree Accounts have an investment, and payments by OakREIT and/or such portfolio companies may indirectly benefit Oaktree and/or such Other Oaktree Accounts. Additionally, certain Oaktree employees may have family members or relatives employed by advisors and service providers. These service providers and their affiliates may contract or enter into any custodial, financial, banking, advising or brokerage, placement agency or other arrangement or transaction with OakREIT, Oaktree or any investor in OakREIT or any portfolio company in which OakREIT has made an investment. These relationships may influence Oaktree Advisors or Oaktree in



deciding whether to select or recommend such a service provider to perform services for OakREIT or a portfolio company (the cost of which will generally be borne directly or indirectly by OakREIT).

Advisors and service providers often charge different rates or have different arrangements for specific types of services. For example, the fee for a particular type of service may vary based on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by OakREIT are different from those used by Oaktree, Other Oaktree Accounts, their portfolio companies or their respective affiliates, any of the foregoing may pay different amounts or rates than those paid by OakREIT with respect to any particular advisor or service provider.

100% Management Fee Offset of Payments Made by Portfolio Companies.

Oaktree offsets 100% of any transaction fees, directors' fees, break-up fees or other similar fees received by Oaktree Advisors or other Oaktree entities (excluding OakREIT) in connection with OakREIT's investments, net of any related company expenses paid by Oaktree Advisors or Oaktree ("Deal Fees") against the management fee payable to Oaktree Advisors and, to the extent necessary to absorb any excess Deal Fees, the incentive fee otherwise payable to Oaktree Advisors. Deal Fees include fees and income paid by portfolio companies to Oaktree or its employees (other than certain ordinary course stock option grants). For example, OakREIT may establish arrangements in which portfolio companies pay transaction fees or monitoring fees to Oaktree, including monitoring arrangements that include early termination payments equal to the monitoring fees that would have been earned had the monitoring arrangement continued. In addition, Oaktree employees may be seconded temporarily to certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. Those companies may pay such Oaktree employees directors' fees, salaries, consultant fees, other cash compensation, stock options or other compensation. Oaktree may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Even if not so advanced, any compensation customarily paid directly by Oaktree to such employees will typically be reduced to reflect amounts paid directly by the portfolio company. As described above, any amounts paid to seconded employees by a portfolio company will be fully offset first against the management fee otherwise payable to Oaktree Advisors and, to the extent necessary to absorb any excess amounts, the incentive fee (if any) otherwise payable to Oaktree Advisors. While there may be timing differences between when Oaktree receives such fees and income and when such amounts are applied as offsets against the management fees or the incentive fee, Oaktree would receive the benefit of such fees or income only in the event that the total amount of such fees and income exceeded the total amount of management fees and incentive fee otherwise payable by OakREIT.

Sharing Expenses with Other Oaktree Accounts.

To the extent an investment opportunity is consummated or considered for OakREIT and any Other Oaktree Accounts managed by Oaktree, Oaktree Advisors' out-of-pocket expenses related to the selection, evaluation, structuring, acquisition, origination, financing and development of any assets, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses and title insurance premiums and the costs of performing due diligence for such assets, will be shared with such Other Oaktree Accounts pro rata based on the anticipated allocation of such investment opportunity between OakREIT and the Other Oaktree Accounts.

Other Conflicts

Further conflicts could arise once OakREIT has made investments. For example, if OakREIT enters into a joint venture with an Other Oaktree Account, OakREIT's interests and the interests of such Other Oaktree Account may conflict, for example when one joint venture partner seeks to sell the property in the joint venture but the

other joint venture partner does not. In such situations, the ability of Oaktree Advisors to recommend actions in OakREIT's best interests might be impaired.

Certain Risks Related to Conflicts of Interest

Oaktree may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities, as a result of which OakREIT may not be able to initiate a transaction or sell an investment that may otherwise have been initiated or sold.

By reason of their responsibilities in connection with OakREIT and other activities of other Income Real Estate Accounts and Other Oaktree Accounts, personnel of Oaktree may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. OakREIT will not be free to act upon any such information. Due to these restrictions, OakREIT 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.

Notwithstanding the foregoing, Oaktree may determine, in its sole discretion at any time, that such information could impair its ability to effect certain transactions on behalf of OakREIT, whether for legal, contractual, or other reasons. Accordingly, Oaktree may elect not to receive such information. Lack of access to any such information may adversely affect OakREIT's investments that in some cases may have been avoided had Oaktree had such information.

OakREIT may purchase assets from or sell assets to Oaktree, and such transactions may cause conflicts of interest.

OakREIT may purchase assets from or sell assets to Oaktree Advisors and its affiliates or their clients. These purchases and sales may cause conflicts of interest, including with respect to the consideration offered and the obligations of such affiliates. These purchases and sales will be subject to the approval of a majority of directors (including a majority of OakREIT's independent directors) not otherwise interested in the transaction.

OakREIT may make investments at different times or on different terms than other Real Estate Accounts or Other Oaktree Accounts, ultimately realizing different investment returns than such Real Estate Accounts or Other Oaktree Accounts.

Other Oaktree Accounts that are organized to invest in real estate, real estate debt and/or real estate-related securities ("Real Estate Accounts") or Other Oaktree Accounts may make investments at different times and/or on different terms or exit any of such investments at different times and/or on different terms compared to such investment made on OakREIT's behalf. Therefore, OakREIT may realize different investment returns than other Real Estate Accounts or Other Oaktree Accounts, with respect to any investment made alongside some or all of such entities.

Oaktree shall have sole discretion in determining what investments OakREIT will be offered to pursue. As a result, there is no guarantee that OakREIT will be offered the opportunity to invest in any particular investments or type of investments alongside any other Real Estate Accounts or Other Oaktree Accounts. The terms, conditions and the time of investment and disposition of investments held by OakREIT may be materially different from those of any other Real Estate Accounts or Other Oaktree Accounts.

The personnel of Oaktree Advisors may trade in securities for their own accounts subject to restrictions.

OakREIT's charter does not prohibit Oaktree Advisors, Oaktree or their respective affiliates, employees, officers, directors, principals or members from buying or selling securities or commodity interests for their own account(s). The records of any such trades by Oaktree Advisors, Oaktree or their respective affiliates, employees, officers, directors, principals or members will not be open to inspection by OakREIT's stockholders. With respect to personal accounts, Oaktree Advisors, Oaktree or their respective employees, officers, directors,

principals or members may, to the extent not otherwise prohibited under firm policy, take investment positions different from, or contrary to, those taken by OakREIT.

Oaktree's existing relationships may influence Oaktree Advisors' decision-making, and Oaktree Advisors may take the existence and development of such relationships into consideration in managing OakREIT and its investments.

Oaktree has long-term relationships with a significant number of companies and their respective senior management. Oaktree also has relationships with numerous investors, including institutional real estate investors and their senior management. The existence and development of these relationships may influence whether or not Oaktree Advisors undertakes a particular investment on behalf of OakREIT and, if so, the form and level of such investment. Similarly, Oaktree Advisors may take the existence and development of such relationships into consideration in its management of OakREIT and its investments. Without limiting the generality of the foregoing, there may, for example, be certain strategies involving the management or realization of particular investments that Oaktree Advisors will not employ on OakREIT's behalf in light of these relationships.

OakREIT may enter into joint ventures and other shared assets which will involve risks and conflicts of interests.

Subject to the limitations contained in OakREIT's charter, OakREIT and any other Real Estate Accounts may invest in shared assets typically through the formation of joint ventures. Such joint venture investments will involve risks and conflicts of interests. Joint venture investments could be adversely affected by OakREIT's lack of sole decision-making authority, OakREIT's reliance on the financial condition of its joint venture partners and disputes between OakREIT and its joint venture partners.

Conflicts of interest related to tenants.

Certain properties owned by OakREIT and/or another Real Estate Account may be leased out to tenants that are affiliates of Oaktree, which would give rise to a conflict of interest. In such events, Oaktree Advisors will endeavor to ensure that such conflicts are resolved in a fair and equitable manner, subject to applicable oversight of the board of directors.

OakREIT expects to have a diverse stockholder group and the interests of OakREIT's stockholders may conflict with one another and may conflict with the interests of investors in other vehicles with which OakREIT co-invests.

OakREIT's stockholders may have conflicting investment, tax and other interests with respect to their investments in OakREIT and with respect to the interests of investors in other investment vehicles, including the other Real Estate Accounts, and accounts managed or advised by Oaktree Advisors or its affiliates that may participate in the same investments as OakREIT. The conflicting interests of individual stockholders with respect to other stockholders and relative to investors in other investment vehicles and accounts may relate to or arise from, among other things, the nature of investments made by OakREIT and such other vehicles and accounts, the structuring or the acquisition of investments and the timing of disposition of investments in such other vehicles and accounts. As a consequence, conflicts of interest may arise in connection with decisions made by Oaktree Advisors or its affiliates, including with respect to the nature or structuring of investments, which may be more beneficial for one stockholder than for another stockholder, especially with respect to stockholders' individual tax situations. In addition, OakREIT may make investments that could have a negative impact on related investments made by the stockholders in separate transactions. In selecting and structuring investments appropriate for OakREIT, Oaktree Advisors considers the investment and tax objectives of OakREIT (including its qualification as a REIT) and its stockholders (including the investment and tax objectives of investors in other investment vehicles managed or advised by Oaktree Advisors or its affiliates) as a whole, not the investment, tax or other objectives of any stockholders individually.



OakREIT's board of directors has adopted a resolution that renounces OakREIT's interest or expectancy with respect to business opportunities and competitive activities.

OakREIT's board of directors has adopted a resolution that renounces its interest or expectancy in, or being offered an opportunity to participate in, business opportunities, and provides that none of Oaktree, its affiliates or OakREIT's directors or any person its directors control are required to refrain from competing with OakREIT or to present to OakREIT such business opportunities. Under this resolution, Oaktree's and OakREIT's directors or any person OakREIT's directors control would not be obligated to present to OakREIT opportunities unless those opportunities are expressly offered to such person in his or her capacity as a director or officer and intended exclusively for OakREIT or any of its subsidiaries, and those persons will be able to engage in competing activities without any restriction imposed as a result of any Oaktree entity's status as a stockholder or any Oaktree-affiliated individuals' status as OakREIT's officers or directors.

Disputes between Oaktree and OakREIT's joint venture partners who have pre-existing investments with Oaktree may affect OakREIT's investments relating thereto.

Some of the third-party operators and joint venture partners with which Oaktree Advisors may elect to co-invest OakREIT's capital may have pre-existing investments with Oaktree. The terms of these pre-existing investments may differ from the terms upon which OakREIT invests with such operators and partners. To the extent a dispute arises between Oaktree and such operators and partners, OakREIT's investments relating thereto may be affected.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. CODE OF ETHICS AND PERSONAL TRADING

All Oaktree Advisors principals, partners, officers and employees (including certain temporary employees, senior advisors and consultants) are subject to Oaktree's Code of Ethics or Code of Conduct, including the separate policies incorporated by reference therein, and Personal Investment Transactions Policy (collectively referred to herein as the "Code"). The Code outlines policies and procedures regarding standards of conduct, personal investment transactions, handling of material, non-public information and other areas. In addition, the Code provides for sanctions in the event of violations of the stated policies and procedures.

The Code contains several restrictions and procedures designed to eliminate conflicts of interest surrounding personal investment transactions of personnel, and their related persons, including: (1) pre-clearance of certain personal investment transactions; (2) quarterly reporting of non-exempt personal securities transactions which were transacted during the quarter; (3) filing of initial and annual holdings reports; (4) a prohibition against personally acquiring securities in an initial public offering or a new issue offering; (5) a prohibition against purchasing securities of a private placement without prior approval; (6) a prohibition against portfolio managers, traders or investment analysts purchasing or selling any securities for his or her own account or any account in which he or she may have beneficial interest for a period of five business days prior or subsequent to a transaction of the same security on behalf of an account for which they are involved in the decision-making process; (7) a prohibition, with respect to certain investment personnel that provide investment advice to open-end investment companies registered under the Investment Company Act of 1940, from profiting from the purchase and sale, or sale and purchase, of the same securities (including underlying equity securities), within 60 calendar days; (8) a prohibition against acquiring any security which is subject to a firm-wide or, if applicable, department restriction without prior approval; (9) a prohibition on entering into a short sale transaction or any transaction that has the same economic effect (e.g. short common stock, purchase a put option or sell a naked call option) on any security of an issuer for which a position is held



long in an account; and (10) a prohibition, when holding period requirements apply, on buying and selling, or selling short and buying to cover, the same security within thirty calendar days.

Monitoring of employee personal securities transactions is handled by Compliance department personnel and any required and related records are maintained by the Compliance department.

The Code contains an Insider Trading Policy. Specifically, the Code prohibits Oaktree officers, directors and employees from buying or selling securities either for themselves or on behalf of others while in possession of material, non-public information about the company that would violate applicable securities laws. The Code also prohibits the communication of material, non-public information about a company to others who have no official need to know. Depending on the circumstances surrounding the information received, the Legal department may conclude to either (i) place the issuer on the firm-wide "Restricted Securities List," which would bar any purchases or sales of the issuer's securities by any investment group or personnel (including any related person) without prior approval, or (ii) in limited and selective cases, elect to maintain an information wall with regard to the issuer, which would (a) place the issuer on a "Watch List" for monitoring of trading activity, (b) bar any purchases or sales of the issuer's securities by any investment group or personnel (including any related person) that receives the information, but allowing other investment groups not in possession of the information to trade in the issuer's securities, and (c) bar the dissemination of the information beyond certain identified persons responsible for managing the proposed investment in the issuer and impose appropriate safeguards against such dissemination. Where personnel who do not readily fit within a department receive inside information, the Legal and/or Compliance department (subject to an analysis of the specific facts) will decide the appropriate restriction.

Additional provisions of the Code of Ethics outline policies governing (1) gifts, meals, entertainment, and political activity, which include preapproval requirements and limitations on such activities; (2) employee activities outside their employment, including serving as a director and certain fiduciary appointments; (3) compliance with anti-bribery laws, which include pre-approval requirements for certain activities, and (4) the maintenance of confidentiality of certain information.

If you would like a copy of the Code please forward your written request to the attention of Rodney Vencatachellum, Chief Compliance Officer, at Oaktree Fund Advisors, LLC, 333 South Grand Avenue, 28th Floor, Los Angeles, California, 90071.

B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Oaktree Advisors, or any of its affiliates, may purchase or sell securities of entities for itself that Oaktree Advisors also recommends for purchase or sale by OakREIT. Oaktree Advisors, or any of its affiliates, may also cause clients to purchase or sell securities in entities that in turn advise or are advised by entities whose securities are owned by Oaktree Advisors or its affiliates.

In addition, principals, partners, officers and employees (including certain temporary employees, senior advisors and consultants) of Oaktree Advisors and its affiliates ("Oaktree Advisors Representatives") may buy or sell securities or other instruments that Oaktree Advisors has recommended to OakREIT. Such transactions in securities by Oaktree Advisors Representatives are subject to policies and procedures as outlined in Oaktree's Code and which are described more fully above. Eligible Oaktree Advisors Representatives may also invest in the various pooled vehicles for which Oaktree acts as investment manager.

In the course of providing investment management services, Oaktree Advisors and Oaktree Advisors Representatives may come into possession of material, nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Oaktree Advisors and Oaktree Advisors Representatives may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, including OakREIT.

In addition, certain accounts have acquired, and may in the future acquire, interests in companies that provide services to one or more other accounts. The payment of fees by accounts to a service provider owned in whole or in part by other accounts may give rise to potential conflicts of interest to the extent



Oaktree directed or initiated such transaction. If Oaktree believes such instances may give rise to a conflict of interest, Oaktree will address such conflicts based on the facts and circumstances presented by each situation and attempt to employ measures to ensure that the accounts using the company's services are charged arm's-length prices for the services they receive. Such measures may include, where appropriate, having the company's management control the negotiation of fees with the accounts to which services are provided and/or obtaining a "most favored nations" clause so that the accounts will automatically receive the benefit of the most favorable fees charged by the service provider to similarly situated clients.

Oaktree Advisors and its employees may also receive certain benefits, such as discounts on products or services from companies in which an Oaktree account holds a significant ownership interest.

For cross-trades, OakREIT independent board approval and independent appraisal are required.

ITEM 12. BROKERAGE PRACTICES

A. SELECTION OF BROKER-DEALERS

Oaktree Advisors' objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution on transactions effected for accounts. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors will be considered as they are deemed relevant.

These factors include, but are not limited to, Oaktree Advisors' knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of the transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security or instrument; confidentiality; the execution, clearance, and settlement capabilities as well as the reputation and perceived soundness of the broker or dealer selected and other brokers or dealers considered; Oaktree Advisors' knowledge of actual or apparent operational problems of any broker or dealer; the broker's or dealer's execution services rendered on a continuing basis and in other transactions; the reasonableness of spreads or commissions; and the research services and products furnished by the broker or dealer, if any.

In seeking to obtain best execution, Oaktree Advisors generally will not seek in advance competitive bidding for the most favorable commission rate or spread applicable to any particular portfolio transaction or to select any broker or dealer on the basis of its purported or "posted" commission rate. Oaktree Advisors will endeavor to be aware of the current level of the charges of eligible brokers or dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its accounts. Although Oaktree Advisors generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker or dealer involved and would thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

(1) RESEARCH AND OTHER SOFT-DOLLAR BENEFITS

Consistent with obtaining best execution, brokerage commissions (including dealer spreads paid on certain principal transactions in accordance with SEC interpretations) on the portfolio transactions of OakREIT may be directed by Oaktree Advisors to a broker or dealer in recognition of research services furnished by the broker or dealer or a designated third party (also referred to as "soft dollar benefits"), as well as for services rendered in the execution of orders by such broker or dealer. In considering such research, Oaktree Advisors first determines that the product or service will provide lawful and appropriate assistance in the performance of its investment decision-making responsibilities. A determination is then made that the amount of commissions paid is reasonable in light of the value of the brokerage and research services provided. Moreover, Oaktree Advisors may benefit from these services as it may not have to pay for such research services and products out of its own resources.



The receipt of investment research and information and related services permits Oaktree Advisors to supplement its own research and analysis and makes available to Oaktree Advisors the views and information of individuals and research staffs of other firms. The views and information may include written materials on certain companies, industries, areas of the economy or market factors and other areas that might affect the economy or securities prices. Research services may also include statistical information; accounting and tax law interpretations that relate to an investment; political developments that may affect investments and the markets in which Oaktree Advisors invests; legal developments affecting portfolio securities; technical market actions; pricing and appraisal services; credit, risk measurement and performance analysis; analysis of corporate responsibility issues; portfolio strategy; and analytic computer software. They may also include advice from brokers or dealers as to the value of securities, availability of securities, availability of buyers, and availability of sellers. In addition, they may include recommendations as to the purchase and sale of individual securities and timing of transactions.

These research services may be received through online information services provided by the broker or dealer or a designated third party. Due to the receipt of various research materials through online services, products may include software used in connection with gaining access to the information and may be considered a mixed-use item, having both research and non-research functions. When products or services, including online services, are used for both research and other purposes, Oaktree Advisors will make a good faith allocation of the cost of the product or service between the research and non-research functions. The non-research portion will be paid in cash by Oaktree, while the portion attributable to research will be paid through brokerage commissions. Brokers or dealers selected by Oaktree Advisors may be paid commissions for effecting transactions for OakREIT in excess of the amounts other brokers or dealers would have charged for effecting these transactions if Oaktree Advisors determines in good faith that such amounts are reasonable in relation to the value of the brokerage or research services provided by such brokers or dealers, viewed either in terms of a particular transaction or Oaktree Advisors' overall duty to its discretionary accounts.

B. AGGREGATION OF PURCHASES AND SALES OF SECURITIES

When possible, trade orders are combined or "batched" to facilitate best execution, as well as for the purpose of negotiating more favorable brokerage commissions or spreads. These batched orders are then generally allocated on a pro-rata basis, at the same average price, among each client participating in that specific trade, subject to certain investment considerations. In instances where aggregation is not practical or possible, our investment professionals seek to follow our best execution policies, whereby we believe the costs of not aggregating client orders are either immaterial or marginal. See below for a discussion of our allocation guidelines.

C. INVESTMENT ALLOCATIONS

See "Item 10 – Conflicts of Interest – Allocations of Investment Opportunities" for information about how investment opportunities will be allocated among OakREIT and Other Oaktree Accounts.

ITEM 13. REVIEW OF ACCOUNTS

Currently the only account under management of Oaktree Advisors is OakREIT. The Real Estate Team reviews and monitors the investments and holdings of OakREIT on a daily basis. On an ongoing basis, these professionals review current market prices of securities and instruments held, review relevant financial markets and are involved in all major portfolio decisions.

In performing its investment management activities, shared personnel of Oaktree Advisors and its affiliates will allocate their respective personnel and their personnel's time among each of the client accounts in which they may be involved. Although each will devote such time as deemed necessary to conduct such investment management activities in an appropriate manner, conflicts may arise in the allocation of personnel and their time

among such client accounts, particularly in connection with accounts that may involve substantially more time and resources than other accounts.

Oaktree Advisors will provide periodic reports to OakREIT's board of directors relating to the operating performance of OakREIT's investments and certain other matters pertaining to Oaktree Advisors' obligations under OakREIT's charter and advisory agreement.

OakREIT will file periodic reports required by the Securities Exchange Act of 1934, as amended, and will also update the OakREIT prospectus as required by the Securities Act of 1933, as amended. These filings will be made available on the SEC's EDGAR filing system as well as OakREIT's website.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

OakREIT has a dealer manager that distributes shares of its common stock on a best efforts basis. The dealer manager manages OakREIT's relationships with participating broker-dealers and financial advisors, and coordinates marketing and distribution efforts with participating broker-dealers and their registered representatives. The dealer manager is not affiliated with Oaktree or Oaktree Advisors.

ITEM 15. CUSTODY

It is Oaktree Advisors' general policy not to have physical custody of any client assets.

However, Oaktree Advisors will be deemed to have custody of assets of OakREIT due to its access to, or control over, OakREIT's securities and funds as OakREIT's investment manager. Oaktree Advisors intends to comply with Rule 206(4)-2, as amended, of the Advisers Act by among other things, requiring OakREIT to undergo an annual audit and the audited annual financial statements to be distributed to all investors no later than 120 days after the end of the fiscal year of OakREIT.

ITEM 16. INVESTMENT DISCRETION

Oaktree Advisors buys and sells securities and other instruments for OakREIT on a discretionary basis in a manner consistent with OakREIT's investment objectives and restrictions. The authority for Oaktree Advisors to exercise discretion is contained within the advisory agreement between OakREIT and Oaktree Advisors.

Generally, subject to limitations set forth in OakREIT's charter and investment guidelines established by its board, Oaktree Advisors will be authorized to make all discretionary determinations in accordance with the investment objectives and restrictions without board consultation or consent before a transaction is effected.

ITEM 17. VOTING CLIENT SECURITIES

Rule 206(4)-6, "Proxy Voting by Investment Advisers", requires all investment advisers who exercise voting authority over client proxies to: (1) adopt policies and procedures for voting proxies in the best interest of the client; (2) describe the procedures to clients; and (3) inform clients how they may obtain information about how Oaktree Advisors has actually voted their proxies.

Oaktree Advisors takes seriously its responsibility to exercise voting authority with respect to the securities that will form part of OakREIT. We believe the right to vote such proxies is a valuable asset, and we will seek to vote such proxies in a manner that will maximize the value of our clients' holdings.



We have policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interests of our clients and to recognize and resolve any material conflicts of interest that may arise in the course of such voting. Proxies will be voted in accordance with our proxy voting guidelines by our investment staff unless an exception is warranted. Oaktree's Compliance department reviews all proxies prior to submission. The receipt of each proxy, the communication of the votes to third parties, and the maintenance of all supporting documentation will be coordinated by our Accounting and Operations staff.

If you would like additional information regarding how we have voted on specific proxies, or a copy of our proxy voting policies and procedures, please forward your written request to the attention of Rodney Vencatachellum, Chief Compliance Officer, at Oaktree Fund Advisors, LLC, 333 South Grand Avenue, 28th Floor, Los Angeles, California, 90071.

ITEM 18. FINANCIAL INFORMATION

Oaktree Advisors has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage OakREIT.