



## WeWork Property Advisors LLC

### Part 2 of Form ADV Brochure Document

12 East 49<sup>th</sup> Street  
New York, NY 10017

T (212) 218-6700  
F (212) 218-6789

June 29, 2018

This brochure (this "Brochure") provides information about the qualifications and business practices of WeWork Property Advisors LLC and certain of its affiliates. If you have any questions about the contents of this Brochure, please contact us at (212) 218-6700. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or any state securities authorities.

Additional information about WeWork Property Advisors LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser's skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

ITEM 2  
Material Changes

The offices of WeWork Property Advisors LLC have moved from 630 Fifth Avenue, New York, NY 10111 to 12 East 49<sup>th</sup> Street New York, NY 10017.

**ITEM 3**  
**Table of Contents**

1.	Item 4 – Advisory Business .....	4
2.	Item 5 – Fees and Compensation .....	5
3.	Item 6 – Performance-Based Fees and Side-by-Side Management .....	9
4.	Item 7 – Types of Clients.....	10
5.	Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	11
6.	Item 9 – Disciplinary Information .....	43
7.	Item 10 – Other Financial Industry Activities and Affiliations.....	43
8.	Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	43
9.	Item 12 – Brokerage Practices .....	45
10.	Item 13 – Review of Accounts .....	45
11.	Item 14 – Client Referrals and Other Compensation.....	45
12.	Item 15 – Custody .....	45
13.	Item 16 – Investment Discretion .....	46
14.	Item 17 – Voting Client Securities.....	46
15.	Item 18 – Financial Information.....	47

## ITEM 4

### Advisory Business

WeWork Property Advisors LLC (together with its affiliates, other than WeWork or Rhône (each as defined below), “WPA” or the “Company”) was founded in 2017 and is a privately-held real estate investment joint venture between WeWork Companies Inc. and its affiliates (other than WPA) (“WeWork”), a global platform that provides space, services and community to businesses and individuals around the world, and Rhône Group L.L.C. and its affiliates (other than WPA) (“Rhône” and, together with WeWork, the “Sponsor Group”), a global alternative asset management firm with assets under management across its private equity and real estate platforms. WPA provides discretionary investment advisory services to private funds (each, a “Fund” and collectively, the “Funds”) both directly and through investment advisory affiliates under its supervision and control. Advisory services are tailored to the specified investment mandates of each Fund as set forth in each Fund’s private placement or confidential offering memorandum, subscription materials and/or constituent documents, in each case, as amended or supplemented from time to time. Investment advice is not provided to the individual limited partners or investors of any Fund. The Funds are also managed by general partner entities which are affiliates of WPA (the “GP Entities” and, each, a “GP Entity”). Please see Item 10 – “Other Financial Industry Activities and Affiliations – General Partners of Funds” for additional information on the GP Entities.

The Company seeks to invest on a global basis primarily in real estate and real estate related assets and, to a lesser extent, in other types of privately negotiated equity and equity-like or debt investments. Additionally, the objective of the Funds is to leverage the existing relationship between WeWork and Rhône to allow investors to access real estate and real estate related investments with higher targeted risk-adjusted returns than those which investors could expect to achieve from a traditional real estate investment vehicle. Thus, the Company expects to invest primarily in properties with current or expected vacancies that would be suitable for, and that are expected to benefit from WeWork’s occupancy or involvement in the investments.

WPA, either directly or through investments by Rhône, WeWork and their respective affiliates, commits and maintains a minimum amount of capital to the Funds. To promote alignment of interests of the investors in the Funds with the persons who select and manage those investments, employees of WPA, Rhône or WeWork will generally be permitted to co-invest in the investment opportunities of the Funds without restriction. In many cases, employees may be allocated a portion of an investment opportunity that, in the absence of such employment investment, would be allocated to the Funds. Investments in or alongside the Funds by Rhône, WeWork and their respective affiliates and employees and certain other persons identified by WPA are not subject to management fees and incentive allocation as described under Item 5 – “Fees and Compensation”.

WPA may allow certain strategic advisors, consultants, senior advisors and other similar professionals to invest alongside the Funds on a transaction-by-transaction basis. The allocation of such co-investment opportunities is entirely discretionary. WPA will take into account various facts and circumstances deemed relevant by WPA in allocating co-investment opportunities, including any benefit to the Funds of having the co-investor actively involved in any investment opportunity after it is made, whether WPA believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Funds, client or arrangement, the post-closing

needs of the relevant transaction and other considerations deemed relevant by WPA in good faith. WPA may also organize one or more vehicles to invest in certain of the Funds or to co-invest alongside other Funds to facilitate personal investments by such persons or firms and by partners, managers, members, officers and employees and their related parties and associates of WPA or of control entities.

Such co-investments typically involve the acquisition and disposal of interests in the applicable investment opportunity at the same time and on the same terms as the Funds making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase (i) a class of security or interest in an investment opportunity that is different from what is held by the Funds or (ii) a portion of an investment from one or more Funds after such Funds have consummated their investment in the opportunity (also known as a post-closing sell-down or transfer), in each case, subject to any terms, conditions or restrictions set forth in the constituent documents or related subscription materials of the relevant Fund(s) or as set forth in the applicable private placement or confidential offering memorandum. Any such purchase of interests in an investment opportunity directly or indirectly from a Fund by a co-investor or co-invest vehicle is generally expected to occur simultaneously with, or shortly after, such Fund's completion of the investment to avoid any changes in valuation of the investment.

Limited partnership (or equivalent) interests in the Funds will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Funds will not be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests, units or shares, as may be applicable, in the Funds will be offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements.

As of December 31, 2017, the Company had total assets under management (including uncalled capital commitments) of approximately \$626,287,264, all of which was managed on a discretionary basis.

## ITEM 5

### Fees and Compensation

#### Management Fees and Incentive Allocations

WPA is compensated by the Funds for its advisory services through the receipt of management fees, as well as a share of profits that exceed an annualized internal rate of return as set forth in the Funds' subscription materials (referred to herein as an "incentive allocation"), as described in more detail below. Each affiliate of WPA that serves as a GP Entity of a Fund (or one or more of its affiliates) is entitled to receive an incentive allocation from such Fund. The specific payment terms and other conditions of the management fees and other compensation as well as incentive allocations available to WPA or a GP Entity are set forth in the relevant private placement or confidential offering memorandum, subscription materials and constituent documents of each Fund, in each case, as amended or supplemented from time to time.

In the case of certain Funds, the applicable GP Entity has the unilateral discretion to waive or modify the application of certain provisions of the constituent documents of such Fund with respect to an investor in such Fund (typically those related to management fees as well as

incentive allocations) without obtaining the consent of any other investor in such Funds. Managing directors, principals, employees and senior advisors of WPA and its affiliates, as well as for family members, certain managers affiliated with investments, and other persons with a current or historical relationship with WPA or one of its affiliates, as determined by such GP Entity, are generally not expected to pay any management fees or incentive allocations in respect of their investments in and/or alongside the Funds.

Unless otherwise set forth in a Fund's relevant private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time, each limited partner will typically bear a management fee payable quarterly in advance in an amount equal to (i) 1% per annum of such limited partner's unfunded capital commitment to such Fund and (ii) 1.5% per annum of such limited partner's proportionate share of such Fund's net asset value. Management fees are generally payable during the term of a particular Fund, including for the avoidance of doubt, the period of winding up such Fund, and are generally payable quarterly in advance. WPA may, in its sole discretion, elect to waive a portion of the management fee with respect to a limited partner's purchase of interests in any of the Funds.

To the extent any GP Entity uses a placement agent or similar person with respect to a limited partner's purchase of interests in any of the Funds, the management fee charged to such limited partner will be reduced on a dollar-for-dollar basis by the amount of any such placement fees or sales charges advanced by the Funds (but in no event shall the management fees be reduced below zero). In addition, the management fee will be offset by the organizational expenses of a Fund, but only to the extent such expenses do not exceed a certain amount as provided by the terms of each Fund's applicable constituent documents.

### **Transaction and Property-Level Services Fees**

WPA also receives certain fees in connection with the Funds' portfolio investments. In such cases, WPA typically receives a fee in connection with certain material events occurring in connection with a portfolio investment, including an acquisition, disposition, or a refinancing, but for the avoidance of doubt, excludes any fees paid with respect to property-level services described below (a "Transaction Fee"). The management fee will be reduced by an amount that is equal to a limited partners' proportionate share, which is based on the interests of all such limited partners with respect to each investment to which such fees relate, of 100% of the applicable Funds share (prorated with all other investors in the applicable investment) of all Transaction Fees received with respect to an investment during the period in which the applicable Fund holds such investment (or with respect to a proposed and unconsummated investment) (net of out-of-pocket expenses (including broken deal expenses) incurred by the WPA, the applicable GP Entity or any of their affiliates in connection with the transactions out of which such Transaction Fees arose, including value-added, sales or similar taxes applicable to such fees).

Rhône and/or WeWork may enter into contracts with the Funds' properties to provide certain property-level services that would otherwise be provided to such properties by a third party from time to time and which will not reduce management fees payable by the limited partners. Pursuant to such contracts, the applicable party may receive fees for one or more of such services and such fees will not be shared with the Funds and will not offset management fees in any respect. The services that such parties may provide include: asset management, property management, management of construction and development, leasing management, multifamily residential sales, foreclosure-related services, special servicing, purchasing services, brokerage services, and other

related property-level services. Fees for property-level services will be at rates that are no less favorable to such property than could be obtained from an unaffiliated asset-level service provider providing comparable services, as determined in good faith by WPA. WPA will provide the limited partner advisory committee with disclosure on an annual basis of all fees for property-level services paid to an affiliate of Rhône or WeWork. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and WPA, Rhône, WeWork and/or their affiliates on the other hand.

#### Fees and Compensation from Co-Investments; Treatment of Broken Deal Expenses

As a general matter, WPA and any of its affiliates may charge management and other fees to, or receive an incentive allocation from, any co-investors; however, WPA and its affiliates may elect not to charge or receive any such amounts in connection with such co-investment opportunities.

In addition, WPA receives compensation for transactions and other services performed as a result of co-investments made in portfolio companies of the Funds. The receipt of such fees attributable to the participation in an investment by a co-investment will not reduce any management fees payable by any Fund that also holds an interest in such investment, and as a result, a Fund will, in most cases, only benefit (if at all) with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors.

As noted in Item 4 above, WPA and/or its affiliates are expected to permit certain investors to co-invest in investments alongside one or more Funds. If a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all broken deal expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors that were to have participated in such transaction.

#### Other Expenses

In addition to the fees described above, investors in a Fund generally bear all expenses related to the organization and operation of such Fund (to the extent not reimbursed by a person in which a Fund holds an investment or through which it contemplates acquiring a potential investment), including, but not limited to, any taxes imposed on or payable by a Fund, all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund, costs of obtaining non-U.S. tax receipts, and all out-of-pocket fees, costs and expenses, if any, incurred in connection with a Fund's legal, tax and regulatory compliance with any U.S. federal, state, local, non-U.S. or other law or regulation (including REIT qualification and compliance); fees and expenses (including indemnification costs and expenses) for or relating to attorneys, accountants, advisers, consultants, Fund administrators and custodians, data providers (including related systems and services from such data providers and data management software, as well as any information technology and other technology incorporated into the cost of obtaining such data), property managers and other professional and service providers; valuation costs (including expenses incurred in connection with services performed by the Funds' valuation advisor); expenses associated with redemptions and admissions on an ongoing basis; expenses relating to compliance-related matters and regulatory filings relating to a Fund's activities (including, without limitation, expenses relating to the

preparation and filing of Form PF and FATCA, reports to be filed with the U.S. Commodity Futures Trading Commission, reports, disclosures, filings and notifications prepared in accordance with the AIFM Directive), or other regulatory filings of WPA and its affiliates relating to a Fund's activities; expenses and fees charged or specifically attributed or allocated by WPA or its affiliates to provide administrative and accounting services to a Fund, and expenses, fees, charges or related costs incurred by a Fund, WPA or its affiliates in connection with the provision of such services to such Fund; the cost of borrowings, guarantees and other financing (including interest, fees and related legal expenses) and the cost and expenses of any lenders, investment banks and financing sources; fees, costs and expenses related to the organization or maintenance of any intermediate entity; expenses associated with a Fund's compliance with applicable laws and regulations, and expenses associated with auditing, research, information, communication, reporting (including any limited partner annual information sessions or meetings) and technology; expenses of the limited partner advisory committee, including costs and expenses in respect of engaging any outside advisors thereto, expenses of any third party advisory committees of a Fund; other expenses associated with the identifying, investigating, acquisition, holding, monitoring and disposition of investments (including brokerage, custody or hedging costs, costs of loan servicers, travel and related expenses in connection with a Fund's investment activities, which may include, without limitation, first class and/or business class airfare (and/or private charter, where appropriate), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours) and social and entertainment events with property management, customers, clients, borrowers, brokers and services providers); and advertising in trade publications for the purpose of generating potential investment opportunities); the costs and expenses of insurance; and any extraordinary expenses a Fund may incur. Each Fund is also responsible for other liabilities or obligations, incurred in connection with broken deals, including broken deal expenses relating to transactions that have been offered to co-investors.

In the event that WPA or any of its affiliates, including the GP Entity (or similar person) of a Fund, incurs any fees, costs, expenses or other liabilities noted in the immediately preceding paragraph on behalf of any Fund, WPA or such affiliate, as the case may be, shall be entitled to reimbursement from such Fund or its portfolio investment for such fees, costs, expenses or other liabilities.

From time to time, WPA and its affiliates expect to incur fees, costs and expenses on behalf of more than one Fund or multiple Funds. To the extent such fees, costs and expenses are incurred for the account or benefit of more than one Fund, each Fund will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Fund's applicable constituent documents) or in such other manner as WPA or its applicable affiliates consider fair and equitable under the circumstances. WPA and its applicable affiliates endeavor to allocate such fees, costs and expenses on a fair and equitable basis. Notwithstanding the foregoing, WPA may in the future develop policies and procedures to address the allocation of expenses that differ from its current practices.

In the event that one Fund pays for an expense common to multiple Funds (including, without limitation, legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which is received by other Funds over time), it shall be reimbursed by the other Funds for their pro rata share of such expense, without interest. While highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund.



In addition, WPA may engage, or cause the Funds to engage, placement agents to market and sell interests in the Funds to prospective investors in a Fund. WPA requires placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of the Financial Industry Regulatory Authority. WPA may impose a placement fee, on a disclosed basis, on the relevant investors to compensate unaffiliated third parties who assist in obtaining subscriptions to such vehicles.

Please refer to the discussion under Item 12 – “Brokerage Practices” below for additional information relating to brokerage and other transaction costs.

## ITEM 6

### Performance-Based Fees and Side-by-Side Management

WPA receives performance-based allocations from the Funds, also referred to herein as “incentive allocations”. WPA’s right to a share of profits from investments may create an incentive for WPA to make riskier or more speculative investments on behalf of a Fund than it otherwise would make in the absence of such arrangement. WPA has procedures and practices in place designed to ensure that all investment decisions are made in accordance with investment objectives and restrictions, as outlined in the offering documents of each Fund.

Unless otherwise set forth in the valuation policy, WPA retains an independent third party to conduct an appraisal on each investment on an annual basis, beginning with the one-year anniversary of the acquisition of such investment. WPA may accept the third party’s valuation as final and conclusive and shall have no duty to adjust or modify any such valuations. The Funds’ net asset value shall be calculated internally on a quarterly basis, or at such other intervals as determined by WPA in its sole discretion, taking into consideration any third party valuation performed in respect of the period.

#### **Allocation of Investment Opportunities Among Funds**

WPA is committed to allocating investment opportunities among the Funds in a manner that, over time, is fair and equitable to each of the Funds. To accomplish this goal, WPA and its affiliates take into consideration the potential investment opportunity and the individual characteristics and mandates of each Fund. WPA has established policies and procedures to guide the determination of such allocations. WPA’s allocation of co-investment opportunities is discussed further in Item 8, under “Conflicts of Interest.”

#### **Funds Co-Investing with Third Parties**

The Funds may co-invest with third parties (including operating partners or service providers) through partnerships, commingled investment funds, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

Any persons or entities that propose to co-invest with a Fund in connection with any transaction (including, without limitation, WPA principals, employees and affiliates) may only be responsible for a share of the fees and expenses associated with such transaction to the extent such transaction is actually consummated. Accordingly, to the extent any such transaction is not consummated, the full amount of any expenses relating to any such proposed transaction may therefore be borne fully by the applicable Funds.

From time to time, the Funds may co-invest with Rhône, WeWork (including the respective personnel of Rhône and WeWork) and/or other sponsor investment vehicles (collectively, the “Sponsor Group Entities”) in investments that are suitable for such Funds and such Sponsor Group Entities. Even if such Funds and any such Sponsor Group Entities invest in the same class of investments, conflicts of interest may still arise. For example, it is possible that as a result of legal, tax, regulatory, accounting or commercial considerations, the terms of such investment (and divestment thereof) (including with respect to price and timing) for the Funds and such Sponsor Group Entities may not be the same. Additionally, the Funds and such Sponsor Group Entities will generally have different investment periods, commercial objectives and/or investment strategies (including return profiles). As a result, the Sponsor Group may have conflicting goals with respect to the price and timing of disposition opportunities. As such, the Funds and/or such Sponsor Group Entities may dispose of any such shared investment at different times and on different terms, or the Funds may be restricted (either by contractual restriction or as a practical matter) from disposing of their share of the investment until such other Sponsor Group Entities dispose of their share of the investment. Moreover, to the extent that a counterparty, lender or other participant in any transaction to be pursued by the Funds and/or the Sponsor Group Entities requires or prefers facing only one fund entity or group of entities, it may result in any of the Funds and such Sponsor Group Entities being jointly and severally liable for such applicable obligation (subject to any limitations set forth in the applicable partnership agreements thereof), which in each case may result in the Funds and such Sponsor Group Entities entering into a back-to-back or other similar reimbursement agreement. In such situations it is not expected that any of the Funds or such Sponsor Group Entities would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third party. In addition to economic interests, the voting, control and governance rights with respect to an investment in which the Funds and the Sponsor Group Entities participate may be structured in a number of ways depending upon various considerations relating to the specific investment and the entities participating. For example, voting rights may be allocated pro rata to the participants in an investment in accordance with their respective equity interests or may be allocated on a disproportionate basis to one or more of the participants, particularly where there is an obvious controlling investor. Where the Sponsor Group Entities have interests or requirements that do not align with those of the Funds, including in particular differing liquidity needs or desired investment horizons, conflicts may arise with respect to the manner in which the voting or governance rights with respect to an aggregating entity (or similar entity) are exercised, potentially resulting in an adverse impact on the Funds.

## ITEM 7

### Types of Clients

WPA provides investment management services to certain foreign and domestic pooled investment vehicles organized as limited partnerships and other legal entities. The Funds are not registered under U.S. federal securities laws. As a general matter, all persons investing in

a Fund must be “accredited investors” (as defined in Regulation D of the Securities Act) and “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act) and, either alone or with one of its representatives, have sufficient knowledge and experience in financial and business matters to make such person capable of evaluating the merits and risks of investing in a Fund. Investors may also be required to satisfy other conditions when appropriate, such as being a “knowledgeable employee” within the meaning of Rule 3c-5 of the Investment Company Act. Details concerning applicable investor eligibility or suitability requirements are included in the offering documents relating to each Fund’s, including its private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time, which are furnished to all investors in a Fund.

The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations, or other corporations or business entities and may include, directly or indirectly, principals or other employees of WPA and its affiliates and members of their families, senior advisors, operating executives and members of the operations groups of Rhône or WeWork, or other service providers retained by WPA.

Investors must meet certain minimum initial investment thresholds, which vary by Fund. Investment amounts below the minimum required may be accepted at WPA’s discretion.

## ITEM 8

### Methods of Analysis, Investment Strategies and Risk of Loss

As a general matter, the objective of the Funds is to target the acquisition of properties with current or expected vacancy that would be suitable for, or that would benefit from, WeWork occupancy. This ability to immediately absorb vacancy at these properties is expected to afford the Funds a competitive advantage relative to other prospective buyers by mitigating many of the risks, costs and uncertainties associated with filling vacant commercial real estate. WPA will collaborate with WeWork’s real estate team to identify properties that are suitable for the application of WeWork’s business model and that fit the Funds’ target asset profile. With WPA, the WeWork team will determine the suitability of locations in both existing and new markets using a variety of financial, economic, demographic and qualitative factors. Target markets are generally global or regional urban hubs undergoing re-urbanization with diverse economies, large student populations and convenient and affordable transportation infrastructure. This analysis will supplement WeWork’s sales and membership data, historical transaction metrics with respect to existing markets and WeWork management’s assessment of the relative importance of certain markets and properties to the company’s overall strategy. These inputs will inform WeWork’s selection of target markets around the world and target properties within those markets, which WPA believes will develop a robust pipeline of potential WeWork locations. Specific descriptions of such strategies and methods are included in each Fund’s private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time. This summary should not be interpreted to limit in any way WPA’s investment activities.

Before WPA devotes significant resources to pursuing an investment opportunity, the acquisitions team of the applicable Fund will coordinate with WeWork’s real estate team to

confirm the suitability of the target property for WeWork usage, develop preliminary revenue and expense projections with respect to the property and review all material information available. Upon determining that an investment opportunity merits further consideration, the acquisitions team will present to the applicable GP Entity's management committee a preliminary analysis and recommendation with respect to such investment opportunity. Each preliminary analysis will be based on the information compiled and reviewed by the acquisitions team. Each preliminary analysis is expected to contain a summary and analysis of relevant market highlights and property highlights, including financial, economic, demographic and qualitative factors, a financial model and business plan for the property, a detailed valuation analysis and financing plan, an asset-management plan and potential exit plan, a summary of any material risks that could affect the Fund's investment in the property and a schedule for the investment process. Following review of the preliminary analysis and discussion with the acquisitions team, the applicable GP Entity's management committee determines whether a Fund should pursue the opportunity, raising particular concerns to be addressed in further due diligence. If it is determined to move forward with the proposed investment, the acquisitions team then continues to update and inform the applicable GP Entity's management committee of material developments during the course of its due diligence process.

The acquisitions team will, if applicable, immediately begin negotiating an occupancy agreement with WeWork on behalf of the Funds. The terms of each WeWork occupancy agreement will depend on the particular market and property and the particular value-creation strategy for the targeted property. However, WPA expects to establish a template WeWork occupancy agreement that will provide for fixed rental payments from WeWork to the Funds, revenue sharing between WeWork and the Funds or a combination of the two. This template-based approach to the occupancy agreements will streamline the asset-acquisition process and allow WPA to focus on the substance and structure of the other elements of each acquisition transaction. It will also create a consistent risk profile across the portfolio with respect to those pre-negotiated matters. In light of the potential conflict of interest between WeWork and a Fund in this context, the acquisitions team will be responsible for the negotiation of the WeWork occupancy agreements on behalf of a Fund. The material terms of each WeWork occupancy agreement will be disclosed to the limited partner advisory committee at its next regularly scheduled meeting, but shall not otherwise be subject to the approval or review of the limited partner advisory committee or any other limited partner.

The discussion below enumerates certain, but not all, risk factors that may apply generally to the Funds. Please see each Fund's private placement or confidential offering memorandum for a complete discussion of the risk factors applicable to an investment in the Funds. Investors should carefully review and consider all of the risks related to investing in the Funds that are set forth in the offering documents for the applicable Fund.

An investment in the Funds involves complex U.S. federal income tax and non-U.S. tax considerations that will differ for each investor depending on the investor's particular circumstances. There can be no assurance that the structure of the Funds or of any investment will be tax-efficient for any particular investor. Investors should consult their own tax advisors with reference to their specific tax situations.

#### **No Assurance of Investment Return**

All investing involves a risk of loss. An investment in a Fund may be deemed a speculative

investment, is not intended as a complete investment program and may result in a partial or total loss of capital. It is designed for sophisticated investors who fully understand, and are capable of evaluating the merits and risks of an investment in a Fund and bearing the associated risk of an investment. Further, it is not anticipated that there will be an active secondary market for Funds interests, and it is not expected that such a market will develop. In general, withdrawals of capital from the Funds are not permitted until the third anniversary of the date on which an investor makes an investment in a Fund. Redemption requests must be received at least ninety days prior to the end of a calendar quarter in order to be processed at the end of such calendar quarter. No guarantee or representation is made that a Fund's investment objectives will be achieved or that investors will receive a return of their capital. Performance could be negatively affected by a number of risks.

### **No Operating History**

Although key personnel of the Sponsor Group have experience investing in and operating real estate properties and real estate related businesses and entities, WPA consists of newly formed entities with no operating history upon which to evaluate Funds' likely performance and an investment in the Funds. Past performance by the key personnel of WPA, Sponsor Group and their affiliates is not indicative of future performance by the Funds.

### **Reliance on Management Personnel; Real Estate Professionals**

The success of the Funds will depend in part upon the skill and management expertise of the Sponsor Group's and WPA's investment professionals, particularly those providing services for the Funds pursuant to service contracts and members of the Funds' GP Entity management committees. The interests of these professionals in the applicable GP Entity and WPA should tend to discourage them from withdrawing from participation in a Fund's investment activities. However, there is ever increasing competition among alternative asset firms, financial institutions, private equity firms, investment advisors, investment managers, real estate investment companies, REITs and other industry participants for hiring and retaining qualified investment professionals and there can be no assurance that these professionals will continue to be associated with such GP Entity, WPA or their affiliates throughout the life of a Fund, particularly in light of the extended term of the Fund, or that replacement personnel will perform well. In addition, members of the investment team will work on other projects for WeWork and Rhône. Conflicts of interest may arise in allocating management's time, services or functions, and the ability of a GP Entity, WPA and the members of the investment team to access other professionals and resources within the Sponsor Group for the benefit of the Funds as described in this Brochure may be limited. Such access may also be limited by the internal compliance policies of the Sponsor Group or other legal or business considerations, including those constraints generally discussed herein.

### **Reliance on the GP Entities and WPA**

The GP Entities and WPA will have exclusive responsibility for the Funds' activities, and, unless otherwise specified in each Fund's private placement or confidential offering memorandum, subscription materials and constituent documents, limited partners are not able to make investment or any other decisions concerning the management of the Funds. Limited partners have no rights or powers to take part in the management of the Funds or make investment decisions and will not receive the amount of any property's financial information that is

generally available to the GP Entities and WPA. The GP Entities have sole and absolute discretion in structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds (subject to specified exceptions). Accordingly, no person should purchase interests unless such person is willing to entrust all such aspects to the applicable GP Entity and WPA.

### **Rapid Growth**

The Funds expect to experience rapid growth in their businesses and operations, including in the number of spaces that the Funds work with WeWork to operate. This rapid growth may place a significant strain on each Fund's and WPA's existing resources. As the Funds continue to grow, WPA expects that capital expenditures will increase as the Funds continue to make additional investments, including in additional WeWork spaces. Additionally, as the Funds grow, the ability of their management to source sufficient reasonably-priced real estate opportunities of the type the Funds expect to target may become more limited. If the Funds do not manage their growth effectively, the increases in capital expenditures could outpace any increases in revenue and therefore returns.

Continued growth could also pose other challenges, such as the need to develop and improve operational, financial and management controls and the need to enhance reporting systems and procedures. The Funds' and WPA's operations and financial and accounting systems currently involve manual processes, and a fully automated enterprise risk management framework has not yet been fully developed and implemented with respect to the Funds' businesses. There can be no assurance that the development and implementation of a Fund's and WPA's enterprise risk management framework and any automated processes will proceed smoothly or on their respective projected timetables or that this framework will fully protect against operational risks and losses.

### **Risks Relating to Due Diligence of Properties and Conduct at Properties**

Before making an investment, the GP Entities and/or WPA will conduct such due diligence as they deem reasonable and appropriate based on the facts and circumstances applicable to such investment. The due diligence investigation that the GP Entities and/or WPA carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation does not necessarily mean that the investment ultimately will be successful. Conduct occurring at the properties, even activities that occurred prior to a Fund's investment therein, could have an adverse impact on such Fund.

There can be no assurance that the GP Entities and WPA will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during their efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by the GP Entities and WPA will be adequate. The GP Entities and WPA will rely upon the accuracy and completeness of representations made on behalf of properties and/or their former owners in the due diligence process to the extent reasonable when they make investments, but cannot guarantee accuracy or completeness of any such representation.



### **Illiquid and Long-Term Investments**

It is unlikely that there will be a public market for the assets held by the Funds at the time of their acquisition. Therefore, no assurance can be given that, if the Funds are determined to dispose of a particular investment held by the Funds, they could dispose of such investment at a prevailing market price, and there is a risk that disposition of such investments may require a lengthy time period or may result in distributions in-kind to investors. In particular, the investments in commercial real estate properties are relatively illiquid in that there may not be ready buyers available and willing to pay fair value at the time the Funds desire to sell. Over the longer term, if the Funds were required to liquidate parts of their portfolio for any reason, including in response to changes in economic or real estate market conditions, or as a result of the need to raise funds to support the Funds' operations or to repay outstanding indebtedness, the Funds may not be able to sell any portion of their portfolio on favorable terms or at all. For example, as experienced in the recent global financial crisis, limited funding capacity in the capital markets may result in lower demand for real estate investments as fewer buyers are able to raise finance on attractive terms to purchase real estate, thereby making commercial real estate investments more illiquid than they may otherwise be during periods of economic growth.

### **No Market or Liquidity for Interests in a Fund; Restrictions on Transfers**

The interests in a Fund have not been, and will not be, registered under the Securities Act, the securities laws of any state thereof or the securities laws of any other jurisdiction, and, therefore, cannot be resold unless an exemption from registration is available. There is no public market for the interests in any Fund, and one is not expected to develop.

### **Lack of Liquidity**

Each capital contribution made to a Fund by a limited partner will be subject to a lock-up period of three years from the date such limited partner makes a capital contribution to a Fund, upon the expiration of which a limited partner will have the right to request a partial or total redemption of interests on a quarterly basis. There can, however, be no assurance that any such requests will be satisfied within any particular period of time. A redemption request received at least ninety (90) calendar days prior to the end of a calendar quarter will be processed so as to be scheduled for payment generally at (or shortly after) the start of such calendar quarter in accordance with a Fund's quarterly redemption process. The Funds will redeem interests at the price per interest on the day of redemption to the extent that the request was received at least ninety (90) calendar days prior to the end of such calendar quarter and such Fund has sufficient cash available to honor redemption requests, as determined in the sole discretion of the applicable GP Entity. While it is anticipated that redemption requests will be satisfied through new subscriptions or available cash to the extent the applicable GP Entity determines in its sole discretion not to use such cash for the making of new Investments or any other purpose, there can be no assurance that the applicable GP Entity will determine that cash will be available at any particular time to fund a particular redemption request. Similarly, unless otherwise provided by the respective partnership agreements of the Funds, the Funds will not be obligated to sell any property or assets, borrow funds, cease paying its liabilities or reduce or cease to establish reserves or jeopardize the status of any REIT Subsidiary as a REIT (including its status as a domestically-controlled REIT) in order to satisfy any redemption request. If sufficient cash is not available to redeem all requested redemptions, as determined by the applicable GP Entity in its sole discretion, a Fund will redeem the interests of all limited partners that have

requested a redemption out of available cash on a pro rata basis (based on the number of outstanding interests held by each redeeming limited partner as of the redemption date). To the extent a limited partner's interests submitted for redemption have not been redeemed in full as of such calendar quarter, such interests will be redeemed in subsequent quarters, in accordance with the applicable Fund's redemption process further described above. Therefore, there can be no assurances as to when a limited partner may be able to completely withdraw from a Fund any amount included in its redemption request. See also the applicable Fund's private placement or confidential offering memorandum and constituent documents for additional information.

### **Unspecified Investments**

At the time a limited partner decides to invest in a Fund, such Fund's GP Entity typically will not yet have selected any of the investments that such Fund will make. Purchasers of interests in a Fund will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by such Fund in the future and, accordingly, will be dependent upon the judgment and ability of the relevant GP Entity in investing and managing the capital of such Fund.

### **Highly Competitive Market for Investment Opportunities**

The activity of identifying, buying and selling real estate and real estate related investments is highly competitive, involves a high degree of uncertainty, and is subject in some cases to the prevailing capital market, regulatory or political environment. A Fund may encounter competition from other similarly focused funds formed before or after the establishment of such Fund. Potential competitors include other investment partnerships and corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Some of these competitors may have more relevant experience and greater financial resources than a Fund, the relevant GP Entity or its affiliates. There can be no assurance that a Fund will be able to locate and complete portfolio investments which satisfy such Fund's rate of return objectives or is reflective of its values or that it will be able to invest fully its committed capital.

### **Future Investment Techniques and Instruments**

The Funds may employ other new investment techniques and/or invest in new instruments that the GP Entities believe will help achieve the Funds' investment objectives, whether or not such investment techniques or instruments are specifically described herein. Such investments may entail risks not described herein. New investment techniques or instruments may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful investments and, ultimately, losses to the Funds. In addition, any new investment technique or instrument developed by the Funds may be more speculative than earlier investment techniques or instruments and may involve material and as-yet-unanticipated risks that could increase the risk of investment in the Funds.

### **Leverage Incurred by the Funds**

The acquisition and development of investment properties may be financed in substantial part by borrowing, subject to the leverage limits as set out in each Fund's private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time, which increases the exposure of each investor to loss.



The use of leverage involves a high degree of financial risk and will increase the exposure of the investments, and therefore any investment in the Funds, to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investments. Principal and interest payments on indebtedness (including mortgages having “balloon” payments) will be payable regardless of the sufficiency of cash flow from the properties. Mortgages requiring “balloon” payments may involve greater risks than mortgages where the principal amount is fully amortized over the term of the loan, since the ability to repay the outstanding principal amount of a “balloon” loan may be dependent upon the ability to obtain adequate replacement financing, which will, in turn, be dependent upon interest rates and lenders’ policies at the time of refinancing, economic conditions in general and the value of the underlying properties in particular. There is no assurance that replacement financing will be available to make “balloon” payments or that any replacement financing available will be on favorable terms. The investment may be impaired by a smaller decline in the value of the properties than is the case where properties are owned with a proportionately smaller amount of debt. Depending on the relative level of leverage and decline in value, if mortgage payments are not made when due, one or more of the properties may be lost (and the investment therein rendered valueless) as a result of foreclosure by the mortgagee(s). A foreclosure may also have substantial adverse tax consequences for the Funds and investors.

### **Redevelopment; Construction Risks**

At each Fund-owned property, a Fund may cause the complete redesign of the space. There can be significant delays related to such redesign. For example, with respect to WeWork spaces, redevelopment typically takes a number of months from the date WeWork takes possession of the space under an occupancy agreement to the opening date. During the pendency of development and construction activities at a Fund-owned property, the Funds may incur substantial upfront costs without recognizing any revenues from the space. If a Fund is unable to complete redevelopment and construction activities for any reason or conditions in the real estate market or the broader economy change in ways that are unfavorable, such Fund may be unable to recover these costs in a timely manner or at all. The Funds’ redevelopment activities are also subject to cost overruns as a result of many factors, some of which are beyond reasonable control and ability to foresee, including increases in the cost of materials and labor. Acquiring and operating real estate assets subjects the Funds to risks associated with redevelopment projects in general, such as delays in construction, contract disputes and fines or penalties levied by government authorities relating to development and construction activities. The Funds may also experience delays opening a particular property, including any component thereof occupied by a WeWork space, as a result of delays by any general contractor the Funds may engage for that purpose or as a result of an inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. The Funds may lose potential revenue, be subject to monetary penalties or have other negative consequences if a property fails to open on schedule.

### **Real Estate Risks Generally**

The investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. Deterioration of real estate fundamentals may negatively impact the performance of the Funds. Additionally, the Funds’ investments will be subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of its properties difficult or

unattractive. For example, following the termination or expiration of a tenant's lease there may be a period of time before a Fund will begin receiving rental payments under a replacement lease. During that period, such Fund will continue to bear fixed expenses such as interest, real estate taxes, maintenance, security, repairs and other operating expenses. In addition, declining economic conditions may impair the Fund's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. To the extent that the Funds enter into occupancy agreements providing for revenue sharing agreements from tenants (including WeWork) to the Funds, these factors may result in a lower effective rental rate due to lower revenues generated by the tenant's subject businesses. Increased competition for tenants may require the Funds to make capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that the Funds undertake may divert cash that would otherwise be available for distribution to investors or for satisfying redemption requests.

The Funds may be required to expend funds to correct defects or to make improvements, including in connection with WeWork's occupancy before a tenant can be found for a property at an attractive rental rate or an investment in a property can be sold. No assurance can be given that the Funds will have funds available to correct those defects or to make those improvements. In acquiring a property or stock, the Funds may agree to lock-out provisions that materially restrict it from selling that property or stock for a period of time or that impose other restrictions, such as a limitations on the amount of debt that can be placed on that property. These factors and others that could impede the Funds' ability to respond to adverse changes in the performance of properties could significantly affect the Funds' financial conditions and operating results. There can be no assurance that there will be a ready market for the resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale by the Funds.

Further, because the Funds expect to invest a portion of its assets in REITs, the Funds may also be subject to certain risks associated with direct investments in REITs. REITs may be affected by changes in the value of their underlying properties and by defaults by borrowers or tenants. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to shareholders, and certain REITs have self-liquidation provisions by which mortgages held may be paid in full and distributions of capital returns may be made at any time. In addition, the performance of a REIT may be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income.

### **Bridge Financings**

From time to time, the Funds may lend funds to their properties or assets on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in a Fund's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such events, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by such Fund. In addition, the Sponsor Group or WPA may extend such loans to the Funds or a property on a short-term basis on terms which are as favorable to the Funds as the terms that could have been obtained at the time of such lending from a third-party lender.

## **Mortgage Loans**

The Funds may invest in commercial mortgage loans, which are secured by multifamily or commercial property and are subject to risks of delinquency, foreclosure and loss that are greater than similar risks associated with loans made on the security of single-family residential property. The Funds may also invest in mortgage-backed securities, which evidence interests in or are secured by a single mortgage loan or a pool of mortgage loans, with respect to residential or commercial property. Accordingly, the mortgage-backed securities in which the Funds may invest are also subject to all of the risks of the underlying mortgage loans.

The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower, but it may also be affected by a number of other factors including changes in laws or regulations, changes in economic conditions and the occurrence of uninsured casualty. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Certain of the mortgage loans in which the Funds may invest may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. In the event of any default under a mortgage loan held directly by the Funds, it will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on the profitability of the Funds. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan can be an expensive and lengthy process which could have a substantial negative effect on the anticipated return on the foreclosed mortgage loan.

## **Real Estate Loans and Participations**

Real estate loans acquired by the Funds may be at the time of their acquisition, or may become after acquisition, nonperforming for a wide variety of reasons. Such nonperforming real estate loans may require a substantial amount of workout negotiations and/or restructuring and other transaction costs, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, it is possible that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control.

It is possible that the GP Entities may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by a Fund. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to defer resolution of the foreclosure action. In some states or other jurisdictions, foreclosure actions can take up to several years to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy,

potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

### **Effect of Substantial Losses or Withdrawals**

If, due to extraordinary market conditions or other reasons, the Funds were to incur substantial losses or were subject to an unusually high level of withdrawals or redemptions, the revenues of WPA and its affiliates would potentially decline substantially. Such losses, withdrawals or redemptions may hamper WPA's and its affiliates ability to (i) retain employees and (ii) provide the same level of service to the Funds as it has in the past.

### **Eurozone Risks**

There are significant and persistent concerns regarding the debt incurred on certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro to function as a single currency given the diverse economic and political circumstances in individual Eurozone countries. The risks and prevalent concerns about a credit crisis in Europe could have a detrimental impact on global economic recovery as well as on sovereign and non-sovereign debt in the Eurozone countries. There can be no assurance that the market disruptions in Europe will not spread to other countries, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize affected countries and markets in Europe or elsewhere. These and other concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro entirely. Should the Euro dissolve entirely, the legal and contractual consequences with respect to the Funds, their investors and any investments in Europe could be determined by laws in effect at such time. These potential developments could negatively impact the ability of the Funds to make investments in Europe, the value of the investments in Europe and the general availability and cost of financing investments.

The United Kingdom (the "UK") formally notified the European Council of its intention to leave the European Union ("EU") on March 29, 2017. Under the process for leaving the EU contemplated in article 50 of the Treaty on the European Union ("TEU"), the UK will remain a member state until a withdrawal agreement is entered into, or failing that, two years following the notification of the intention to leave, unless the European Council in agreement with the UK, decides to extend this period. Under guidelines published by the European Council pursuant to article 50, the negotiations will be conducted broadly in two phases. The first phase is intended to ensure an orderly withdrawal from the EU. The second phase of negotiations will be directed toward a framework for a future relationship between the UK and the EU—although the future relationship can only be finalized once the UK becomes a third country. Assuming it will take two years to negotiate a withdrawal agreement and outline a framework for a future relationship, the UK will remain a member state subject to EU law with privileges to provide services under the single market directives until at least March 29, 2019. However, given the size and importance of the UK's economy, uncertainty or unpredictability about its legal, political and economic relationship with the EU may be a source of instability, create significant currency fluctuations, and/or otherwise adversely affect international markets, arrangements for trading or other existing cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future including during negotiations and beyond the date of the UK's withdrawal from the EU. For businesses that conduct or depend on the free movement of goods

or the provision of cross-border services between the UK and the European Economic Area (as currently constituted), the outcome of negotiations on the future relationship has the potential to adversely affect the profitability of the firm's business model. A tariff on goods, the inability or restriction to provide cross-border services, changes in fiscal cooperation (withholding tax), restrictions on movements of employees, etc., all have the potential to materially impair the profitability of a business and/or require it to adapt or even relocate. Uncertainty about the way in which the many and complex issues will be resolved (whether by agreement or through the absence of any agreement) could adversely affect the Funds, the performance of their Investments and their ability to fulfill their investment objectives. The decision of the UK could also have a destabilizing effect if other member states were to consider the option of leaving the EU.

### **Risk Associated with WeWork Occupancy Agreements**

The terms of the occupancy arrangements between WeWork and the Fund-owned properties are expected to provide for fixed rental payments from WeWork to the Funds, revenue sharing between WeWork and the Funds, or a combination of the two (i.e., a fixed portion supplemented by a variable portion). In a fixed-rate lease, the tenant pays the property owner contract rent based on an agreed upon schedule, and in return the property owner grants the tenant occupancy for a defined period of time and offers the tenant certain concessions including, for example, a tenant improvement allowance to build-out the space and free rent for a period of time. Typically, a property owner also pays a broker leasing commission in connection with a lease transaction. Under this model, a property owner knows what it can expect to earn on its upfront investment in concessions and commissions. By comparison, in an occupancy agreement that provides for revenue sharing, the property owner (in this case, the Funds) will generally not receive contract rent for the lease, but will instead generally receive an agreed upon percentage of the total gross revenue generated by WeWork at the relevant location through a combination of membership fees and other ancillary revenue. The property owner may also be responsible for giving WeWork a tenant improvement allowance or other tenant incentives typical of a traditional leasing arrangement. The revenue generated by WeWork, and more specifically the portion payable to the Funds, is expected to exceed the rent that the Funds could otherwise earn from a traditional tenant at market terms. However, each Fund-owned property that enters into an occupancy agreement with WeWork that provides for revenue sharing between WeWork and the Funds will be subject to the risk that WeWork underutilizes such space and operational risks associated with WeWork's business at that property. After payment of their share of tenant improvements, the Funds may in fact receive less revenue through such revenue share arrangement than they would have had they leased the space to WeWork or other third party tenants at market rents. It should be noted that the description above is not intended to be exhaustive, and the Fund-owned property may enter into an occupancy agreements which contain provisions that are different than those described above. It should also be noted that WeWork's current arrangements are generally all fixed-rate lease agreements, and there can be no assurance that the occupancy agreements that provide for revenue sharing between WeWork and the Funds will be more profitable to the Funds.

### **Risks Associated with WeWork**

It is expected that WeWork will occupy most, if not all, of a Fund's properties, in whole or in part. As a result of this interconnection between WeWork and the investments, the overall performance of the Funds and their properties will be subject to risks associated with WeWork and its operating

and financial performance, including, without limitation, the risks noted in each Fund's private placement or confidential offering memorandum, which may materially adversely affect each Fund's operating results and impede its ability to achieve its investment objectives. For example, WeWork has experienced rapid growth in its business, including in the number of spaces that it operates and in the size of its member community. This rapid growth has placed, and continues to place, a significant strain on its existing resources. As part of WeWork's growth strategy, it intends to rapidly expand into new regions, such as the Asia-Pacific region. WeWork has little or no experience in these new regions, and its expansion efforts are expected to require substantial resources. In addition, WeWork's concentration in specific cities magnifies the risk to WeWork of localized economic conditions in those cities or the surrounding regions. To sustain WeWork's growth, WeWork must continually add new members both to replace departing members and to expand its current member base. There can be no assurance that WeWork will be able to attract new members in sufficient numbers to do so.

### **Limited Number of Investments; Diversification**

Generally, a Fund is restricted from investing more than 20% of such Fund's NAV, *plus* any capital commitments to such Fund not yet drawn down (if any) in any single investment. Furthermore, the foregoing limitation will not apply until such Fund's NAV (*plus* undrawn capital commitments) equals \$1 billion and will cease to apply after the third anniversary of the initial closing of such Fund. As such, the Funds may be heavily concentrated at any time, in only a limited number of investments, and, as a consequence, the aggregate return of a Fund may be substantially affected by the unfavorable performance of even a single investment. To the extent WPA concentrates the investments in a particular asset, a Fund's portfolio may become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular asset. Investors have no assurance as to the degree of diversification in the investments, either by geographic region or asset type.

### **Ground Lease Investments**

The Funds may invest from time to time in real estate properties that are subject to ground leases. As lessee under a ground lease, the Funds may be exposed to the possibility of losing the property upon termination, or an earlier breach by the Funds, of the ground lease, which may adversely impact the Funds' investment performance. Furthermore, ground leases generally provide for certain provisions that limit the ability to sell certain properties subject to the lease. In order to assign or transfer rights and obligations under certain ground leases, the Funds will generally need to obtain consent of the landlord of such property, which, in turn, could adversely impact the price realized from any such sale.

### **Investments in Land/New Development; Risk of Fraud**

While the Funds will generally acquire existing stabilized properties, the Funds may also acquire direct or indirect interests in undeveloped or underdeveloped land, or unstabilized real property, which may often be non-income producing. To the extent that the Funds invest in such assets, they will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of the Funds, such as weather or labor conditions or material



shortages), irregular accounting or other fraudulent practices, risks that the properties will not achieve anticipated occupancy levels or sustain anticipated rent levels and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Funds and on the amount of funds available for distribution to investors. Properties under development or properties acquired for development may generate little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development, making such development less attractive than at the time it was commenced. Lenders providing construction loans will typically require that a creditworthy parent entity enter into a so-called “completion” and/or “carry” guaranty, which requires the guarantor to undertake to complete the project within a specified timeframe, pay for any cost overruns and guaranty payment of carrying costs (e.g., interest, real estate taxes, insurance, etc.) during the period of construction. Construction lenders may also require a creditworthy parent entity to guarantee the repayment of all or some portion of the loans principal, interest and any premiums. It is expected that the financing arrangements with respect to the Funds’ property and development projects will require such customary completion, carry and principal guarantees from the Funds. In the event that such a guarantee is called, the Funds’ assets, including cash reserves, could be adversely affected.

In addition, investments in new development activities could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Funds invest, the Funds may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on the Funds’ other investments.

### **Investments in Troubled Assets**

While the Funds will generally acquire existing stabilized properties, the Funds may make investments in underperforming or undercapitalized real estate companies or other troubled assets which involve a degree of financial risk and are experiencing or are expected to experience severe financial difficulties that may never be overcome and, as a result, may lead to a loss of some or all of the Funds’ investments. The success of such investments may hinge on WPA’s ability to reposition such assets so as to increase returns to the Funds. There can be no assurance WPA or the Funds will be successful in such endeavors. In addition, investments of this nature may expose the Funds to heightened litigation, environmental, reputational and other material risks that may not be present in existing stabilized properties.

The investments may have been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence; and, as a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected. For example, under U.S. law, in certain circumstances, lenders that have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances under U.S. law, payments to the Funds and distributions by the Funds to the limited partners may be required to be returned if any such payment or distribution is later determined to

have been a fraudulent conveyance or a preferential payment. Non-U.S. jurisdictions may present analogous or different credit issues. Bankruptcy laws may delay the ability of the Funds to realize on collateral for loan positions held by them or may adversely affect the priority of such loans through doctrines such as equitable subordination. To the extent non-U.S. laws and regulations do not provide the Funds with equivalent rights and privileges necessary to promote and protect their interest in any such proceeding, the Funds' investments in any such portfolio entity may be adversely affected. Bankruptcy laws may, in certain jurisdictions, result in a restructuring of the debt without the Funds' consents under the "cramdown" provisions of applicable bankruptcy laws and may also result in a discharge of all or part of the debt without payment to the Funds. The success of such investments may hinge on the GP Entities' abilities to reposition such assets so as to increase returns to the Funds. There can be no assurance the GP Entities or the Funds may be successful in such endeavors.

### **Permits and Licenses**

A license, approval or permit may be required to acquire certain investments and their direct or indirect holding companies (or registration may be required before an acquisition can be completed). There can be no guarantee of when and if such a license, approval or permit will be obtained or if the registration will be effected.

### **Additional Capital Requirements**

Certain of the Funds' investments, including those in a development phase, if any, are expected to require additional financing to satisfy their working capital requirements or development strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular asset. Each round of financing (whether from the Funds or other investors) is typically intended to provide enough capital to reach the next major milestone in an asset's life-cycle. If the funds provided are not sufficient, additional capital may be required to be raised at a price unfavorable to the existing investors, including the Funds. In addition, the Funds may make additional debt and equity investments or exercise warrants, options, convertible securities or other rights that were acquired in the initial investment in such company in order to preserve the Funds' proportionate ownership when a subsequent financing is planned, or to protect the Funds' investments when such portfolio entity's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Funds or any portfolio entity. There can be no assurance that the Funds or any portfolio entity will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. Redemptions by limited partners may significantly decrease the capital of the Funds available to make any such additional funding. Failure to provide sufficient additional capital with respect to an investment could adversely affect the performance of the Funds.

### **Expedited Transactions**

Investment analyses and decisions by WPA may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to WPA at the time of making an investment decision may be limited, and WPA may not have access to detailed information regarding the investment property, such as physical characteristics, environmental matters, zoning regulations or other local conditions affecting an investment property. Therefore, no assurance can be given that WPA will have knowledge of all



circumstances that may adversely affect an investment, and the Funds may make investments which it would not have made if more extensive due diligence had been undertaken.

### **General Economic and Market Conditions**

The real estate industry generally, and the success of the Funds' investment activities in particular, will both be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of the investments), trade barriers, currency exchange controls and national and international political, environmental and socioeconomic circumstances in respect of the countries in which the Funds may invest. These factors may affect the level and volatility of securities prices and the liquidity of the investments, which could impair the Funds' profitability, result in losses and/or the Funds' abilities to satisfy redemption requests. In addition, general fluctuations in the market prices of securities and interest rates may affect the Funds' investment opportunities and the value of the investments. A recession, slowdown and/or a sustained downturn in the global economy or United States real estate market (or any particular segment thereof) or a weakening of credit markets (including a perceived increase in counterparty default risk) will have a pronounced impact on the Funds and could adversely affect the Funds' profitability, limit the amount of cash available to satisfy redemptions, impede the ability of the Funds' properties or portfolio entities to perform under or refinance their existing obligations and impair the Funds' ability to effectively deploy their capital or realize upon investments on favorable terms and may have an adverse impact on the availability of credit to businesses generally, which in turn may have an adverse impact on the business and operations of the Funds. In addition, economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Funds' performance. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a property's or portfolio entity's capital structure.

In addition to general economic conditions, the commercial real estate markets in which the Funds operate are also affected by a number of other factors which may significantly impact the value of commercial real estate investments, including interest rates and credit spreads, levels of prevailing inflation, the availability of financing, the returns from alternative investments as compared to real estate and changes in planning, environmental, commercial lease, and tax laws and practices. In particular, commercial real estate values are dependent on, among others, current rental values and occupancy rates, prospective rental growth, lease lengths, tenant creditworthiness and solvency, and investment yields (which are, in turn, a function of interest rates, the market appetite for investments in general and with reference to the specific asset in question) together with the nature, location and physical condition of the asset concerned. Rental revenues and commercial real estate values are also affected by factors specific to each local market in which the asset is located, including the supply of available space, demand for commercial real estate and competition from other available space. Market conditions, such as the most recent global economic downturn, could decrease the demand for commercial real estate and thereby increase vacant space resulting in a decrease in the rental income, rental growth and investment values of the Funds' office portfolios, which could have a material adverse effect on their businesses, financial conditions, results of operations and future prospects.

### **Local Real Estate Markets Conditions**

The Funds' strategy in some investments may be based, in part, upon the premise that real estate businesses and assets in certain cities and elsewhere will be available for purchase by the Funds at prices that WPA considers favorable. The Funds' strategy in some investments may also rely, in part, upon more favorable market conditions developing prior to the investment's realization or the continuation of existing market conditions (including, for example, supply and demand characteristics). In particular, the Funds' strategy may rely, in part, on the belief that WeWork occupancy will, by itself, be incrementally accretive to the Funds' returns generated from appreciation in the asset value of Fund-owned properties due to the so-called "WeWork effect". No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will remain stable, recover or continue to improve, as the case may be – whether as a direct or indirect result of WeWork's occupancy at the property or otherwise – since this will depend, in part, upon events and factors outside the control of WPA. In addition, there can be no assurance that current market conditions will not deteriorate during the duration of an investor's investment in the Funds, which could have a materially adverse effect on the assets of the Funds. Actual or perceived trends in real estate markets do not guarantee, predict or forecast future events, which may differ significantly from those implied by such trends.

### **Interest Rate Fluctuations**

General fluctuations in interest rates may adversely affect the value of the investments. Instability and volatility in interest rates may also increase the risks inherent in the investments. The ability to refinance debt may depend on the ability to sell new securities in the debt and equity markets, to borrow from banks or otherwise, which may not be achievable on favorable terms or at all. A deterioration of the global debt markets (particularly the U.S. debt markets), any possible future failures of financial services companies or a significant rise in market perception of counterparty default risk will likely significantly reduce investor demand and liquidity for senior bank high-yield and investment grade debt, which in turn is likely to lead some banks and other lenders to be unwilling or significantly less willing to finance new investments or to only offer financing for investments on less favorable terms than had been prevailing in the past. A Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for their investments. In the event that the Funds are unable to obtain debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, the Funds may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned.

### **Environmental Risks and Potential Liabilities**

The Funds may be exposed to substantial risk of loss from environmental claims arising from investments involving undisclosed or unknown environmental problems, health or occupational safety matters or problems with inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under the laws, rules and regulations of various jurisdictions, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances, including asbestos, on or in such property. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than

its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances and the person bearing liability may incur substantive costs in defending claims of liability. The cost of any required remediation and the owner's liability therefor as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Funds' return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of the Funds to such liabilities. In addition, even in cases where the Funds are indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Funds to achieve enforcement of such indemnities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they may incur in connection with the contamination.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (an associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which may adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, the Funds' operating costs and performance may be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of the Funds, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations may also restrict development and use of property. Certain clean-up actions brought by state, country and local agencies and private parties may also impose obligations in relation to investments and result in additional costs to the Funds.

#### **Availability of Insurance Against Certain Catastrophic Losses**

With respect to properties acquired by the Funds, liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that the GP Entities or WPA believes are customary for similar properties will be maintained. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, a Fund could lose both invested capital in and anticipated profits from the affected investments.

## **Documentation and Legal Risks**

Investments are usually governed by a complex series of legal documents and contracts. As a result, the risk of dispute over interpretation or enforceability of the documentation may be higher than for other investments. In addition, it is not uncommon for investments to be exposed to a variety of other legal risks. These can include, but are not limited to, environmental issues, land expropriation and other property-related claims, industrial action and legal action from special interest groups.

## **Deployment of Capital**

In light of the Funds' investment strategy and the need to be able to deploy capital quickly to capitalize on potential investment opportunities, the Funds may from time to time maintain cash at the Fund level pending deployment into investments, which may at times be significant. Such cash may be held in an account of the Funds for the benefit of the investors or may be invested in money market accounts or other similar temporary investments. In the event the Funds are unable to find suitable investments such cash may be maintained at the Fund level for longer periods which would be dilutive to overall investment returns. It is not anticipated that the temporary investment of such cash into money market accounts or other similar temporary investments pending deployment into investments will generate significant interest, and investors should understand that such low interest payments on the temporarily invested cash may adversely affect overall Fund returns.

## **Distributions In-Kind**

The Funds may make distributions or payments or redemptions or withdrawal proceeds in cash and/or in kind, including in the form of investments that are not marketable or are otherwise illiquid. At the time of any such distribution, such investments may be experiencing periods of limited liquidity, price volatility or a decline in market value and may have certain investment and transfer restrictions limiting marketability. The ability of the investors to liquidate positions in such investments is subject to these risks, and investors must be prepared to hold such investments for an extended period of time. In-kind distributions of investments may comprise, among other things, interests in one or more investment vehicles or special purpose vehicles holding the financial instruments or participations in the financial instruments which are being held or that were held by the Funds. The value of the investments distributed may increase or decrease before such investments are sold, and such investor will incur transaction costs in connection with the sale of any such investment. Additionally, investments distributed to an investor may not be readily marketable or saleable and may have to be held by such investor for an indefinite period of time. The risk of loss and delay in liquidating these investments will be borne by the investor, with the result that such investor may ultimately receive less cash than it would have received if it had been paid in cash. In addition, when investments are distributed to investors in-kind, such investors may then become debt or minority equity holders in the issuer and may be unable to protect their interests effectively.

## **Public Disclosure**

Some investors, such as public pension plans and listed investment vehicles, may be subject to public disclosure requirements. The amount of information that is required to be disclosed by such investors with respect to their investments has increased in recent years, and that trend may

continue. To the extent that disclosure of confidential information relating to the Funds or their investments results from public investors, the Funds may be adversely affected. WPA may, in order to prevent any such potential disclosure, withhold all the information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisors and/or the accounts they advise could result in the Funds becoming subject to additional disclosure requirements the specific nature of which is as yet uncertain.

### **Non-U.S. Investments**

The Funds expect to make investments outside the United States. Non-U.S. real estate and real estate related investments involve certain risks not typically associated with investing in real estate related investments in the United States, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the United States dollar and foreign currencies in which the Funds' foreign securities or assets are denominated, and costs associated with conversion of investment principal and income from one currency into another, (ii) differences between U.S. and non-U.S. real estate laws and market practices and (iii) the possible imposition of withholding or other taxes on income received from, or gains with respect to, such securities or assets. In addition, certain non-U.S. capital markets involve certain factors not typically associated with investing in established securities markets, including, without limitation, risks relating to (x) differences between markets, including potential price volatility in and relative illiquidity of some foreign securities markets, (y) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation and (z) certain economic and political risks, including, without limitation, potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital. While WPA intends, where it deems appropriate, to manage the Funds in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Funds that are held in certain countries.

### **Confidential or Material, Non-Public Information**

By reason of their responsibilities in connection with other activities of the Sponsor Group, certain employees of the GP Entities or their affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities or properties. The Funds may not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Conversely, a Fund may not have access to material non-public information in the possession of the Sponsor Group which might be relevant to an investment decision to be made by such Fund, and such Fund may initiate a transaction or sell an investment which, if such information had been known to it, may not have been undertaken.

### **Cyber Security Breaches and Identity Theft**

Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The Sponsor Group's and their service providers' information and technology systems may be vulnerable to damage or interruption from cyber security breaches, computer viruses or other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and other security breaches or usage errors by their respective professionals or service providers, power,

communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic information related to investors (and their beneficial owners) and material nonpublic information. Although the Sponsor Group has implemented, and properties and service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. The Sponsor Group does not control the cyber security plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to the Sponsor Group, the Funds and/or a portfolio entity, each of whom could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Sponsor Group's or the Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and their beneficial owners), material nonpublic information, and the intellectual property and trade secrets and other sensitive information in the possession of the Sponsor Group. The Sponsor Group or the Funds could be required to make a significant investments to remedy the effects of any such failures, harm to their reputations, legal claims that they and their respective affiliates may be subjected to regulatory action or enforcement arising out of applicable privacy and other laws, adverse publicity and other events that may affect their business and financial performance.

### **Legal, Tax and Regulatory Risks**

Legal, tax and regulatory changes could occur during the terms of the Funds that may adversely affect the Funds. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions.

The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Funds and the ability of the Funds to effectively employ their investment and trading strategies. Increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on WPA and may divert time and attention from portfolio management activities. In addition and in particular in light of the changing global regulatory climate, the Funds may be required to register under certain foreign laws and regulations, and will need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market the Funds to potential investors. The effect of any future regulatory change on the Funds could be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.



## **OFAC and FCPA Considerations**

Economic sanction laws in the U.S. and other jurisdictions may prohibit the Sponsor Group, WPA and their investment professionals from transacting with or in certain countries and with certain individuals and companies. In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict a Fund's investment activities in certain emerging market countries.

In some countries, there is a greater acceptance than in the U.S. of government involvement in commercial activities, and of corruption. The Sponsor Group and each Fund are committed to complying with the U.S. Foreign Corrupt Practices Act (the "FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, a Fund may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for a Fund to act successfully on investment opportunities.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has recently significantly expanded the reach of its anti-bribery laws. While the Sponsor Group has developed and implemented a stringent compliance program designed to ensure strict compliance by the Sponsor Group and their personnel with the FCPA, even reasonable compliance programs may not be able to prevent all instances of corruption. In addition, in spite of the Sponsor Group's policies and procedures, joint venture partners or other third parties with whom a Fund may transact in connection with its investments may engage in activities that could result in FCPA violations. Any determination that the Sponsor Group has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject a Fund to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the Sponsor Group's business prospects and/or financial position, as well as a Fund's ability to achieve its investment objectives and/or conduct its operations. A Fund may incur costs and expenses associated with engaging external counsel or other third party consultants or professionals in connection with inquiries or investigations relating to FCPA or other applicable anti-corruption laws or anti-bribery laws.

## **Pay-to-Play Laws, Regulations and Policies**

In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with)

state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If WPA, the GP Entities or their respective employees or affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on such Fund by, for example, providing the basis for the withdrawal of the affected government plan investor.

### **Valuation of Investments**

Valuations of properties owned by the Funds will be conducted in accordance with the Funds' valuation policy, which has been established and can be modified by WPA. Each property acquired by the Funds will be appraised by a certified independent third party appraiser in connection with its acquisition and at least annually thereafter. In general, asset valuations will be set equal to their externally appraised values. In the case of error, or material disagreement with the appraiser, WPA can override an appraisal and use an internally determined value. In cases where this occurs, the appraisal override will be disclosed to the limited partner advisory committee as part of the annual report.

In addition to annual external valuations, each property will be valued internally by WPA on a quarterly basis. Such valuations by WPA are inherently subjective. Internal valuations completed by WPA will be based on the three standard approaches to value: discounted cash flow methodology, recent sales comparables and replacement cost. The asset management team will maintain a detailed cash flow model for each asset, and update that model quarterly for changes in market conditions (e.g., market rental rates, capital market assumptions such as discount and capitalization rates), leasing activity and capital projections. This valuation is then compared to the recent transaction history taking place in the market and an updated analysis of the replacement cost of the asset to arrive at a quarterly valuation conclusion. Both third-party appraisal values and internal valuation conclusions are reviewed and approved by the applicable GP Entity's management committee. The cost of these appraisals will be borne by the Funds.

The Funds will appoint an independent valuation advisor to review valuations for reasonableness of assumptions and consistency of methodology. The independent valuation advisor will be responsible for assisting in the development and maintenance of the Funds' valuation policies and procedures; reviewing the Funds' annual valuation plan; assisting in the coordination of the annual external appraisal process of the Funds' assets; reviewing the Funds' quarterly internal asset valuations and valuation conclusions; and preparing an annual report to the limited partner advisory committee on the overall valuation process.

The independent valuation advisor's review of the Funds' quarterly internal asset valuations will be based on asset and portfolio-level information provided by WPA which will not be independently verified by the independent valuation advisor. Such review will consider the most recent annual appraisal and any material changes noted by WPA as having occurred since such appraisal, including, without limitation, the occurrence of an unexpected property-specific event such as the execution, termination or renewal of a material lease, a material change in vacancies at the property, capital spent at the property, major changes in market conditions



that alter discount and capitalization rates, changes in actual property performance compared to budget and execution of a sales contract with respect to the asset. WPA's valuation of each investment's liabilities, including any third-party incentive fee payments or investment level debt, transaction terms and structure, will not be reviewed by the independent valuation advisor or appraised. WPA values investment level debt with input and/or review, upon WPA's request, from a third party advisor. WPA reserves the right, at its absolute discretion, to employ alternative arrangements regarding valuation as WPA deems appropriate for the Funds. Further, WPA may modify or change its valuation policies and procedures or the certified independent third-party appraiser or the independent valuation advisor at any time and from time to time, in its discretion.

The value of a Fund investment will be affected by such valuation results. A valuation is only an estimate of value and is not a precise measure of realizable value. Ultimate realization of the market value of a real estate investment depends to a great extent on economic and other conditions beyond the control of WPA. Further, valuations do not necessarily represent the price at which a real estate investment would sell a particular asset of a Fund since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer comparable sale transactions that can be considered in the context of the appraisal. If the Funds were to liquidate a particular real estate investment, the realized value may differ from the appraised valuation of such investment. As such, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. An investor withdrawing from a Fund prior to realization of such an investment may not participate in gains or losses therefrom.

When a Fund redeems the investment of an investor, such investment will be redeemed at the Fund's net asset value on the effective date of redemption. An investor making a redemption request will not know the redemption price for the investment to be redeemed until that investment is actually redeemed. Further, in connection with each investment, an investor will receive an amount of interests based on the price per interest equal to the net asset value of such Fund divided by the number of interests outstanding at the time of such investment. In instances where the net asset value of a Fund needs to be determined other than at the beginning of a fiscal quarter, such as in connection with an investment or redemption occurring at a time other than the beginning of such quarter, this determination will need to be made with more limited current information regarding the assets of such Fund than is regularly available as of the end of a fiscal quarter. Delays in calculating such Fund's net asset value at the end of a fiscal quarter may result in a corresponding delay in redemptions. In all cases, the price at which the interests will be redeemed or issued, as applicable, will be based on valuation estimates made by WPA consistent with the policy set out herein.

### **Conflicts of Interest**

WeWork, together with Rhône, jointly own and control WPA. At the same time, it is expected that WeWork will be a tenant in most of the Funds' properties. WeWork's joint ownership and control, together with Rhône, of WPA may create situations where WeWork's interests with respect to the exercise of its management rights with respect to the Funds and the investments may be in conflict with WeWork's own independent economic interest. Such conflicts may relate to, or arise from,

among other things, decisions with respect to the selection, structuring and acquisition of new investments and disposition or elections not to dispose of the Funds' existing investments. Such potential conflicts could affect the timing and terms of each acquisition or disposition in a manner adverse to the Funds, including, as more fully provided below, with respect to occupancy agreements entered into by affiliates of WeWork and each Fund-owned property that those affiliates occupy. In addition, decisions with respect to the Funds' investment strategy generally, including, for example, whether or not to expand into new countries, markets and sub-markets (both in the U.S. and globally) and asset types and whether or not to pursue any non-real estate investment opportunities will be directly influenced by WeWork's corporate priorities that may include objectives being pursued apart from and independently of the Funds. WeWork's status as an operator at a particular Fund-owned property may also present conflicts of interest. It may be in WeWork's interest to make business decisions, including tradeoffs between multiple WeWork-operated premises, that are informed by the terms of a particular occupancy agreement or that otherwise disadvantage the Funds as landlord or building owner at a particular Fund-owned property. These conflicts may arise in the context of WeWork's broad discretion to set membership prices, control staffing and building-level operating expenses, and other building-level decisions that reflect the differing strength of WeWork's economic incentives at different premises it operates.

As referenced above, it is expected that most of the Funds' properties will be occupied, in whole or in part, by WeWork. Each such arrangement will be governed by an occupancy agreement between WeWork and the applicable property. The determination as to whether the applicable occupancy agreement provides for revenue sharing or fixed-rent with respect to WeWork's occupancy of such property and the terms of each such occupancy agreement will be determined on a case-by-case basis based on context-specific facts and circumstances, and may present conflicts of interest for WeWork, including with respect to the agreement's economic structure and terms (such as its profit sharing percentage or rent amount, rent abatement and/or tenant improvement allowance) as well as the agreement's non-economic terms (such as its duration and termination provisions).

Moreover, decisions by WeWork may present actual or potential conflicts with respect to properties of the Funds that will be utilized, in part, by tenants other than WeWork. For example, WeWork may be incentivized not to permit tenants that it considers to be competitive with its business, and in any event, the occupancy terms (both economic and non-economic) offered to non-WeWork tenants may be less advantageous than those offered to WeWork. This may, in the aggregate, have an adverse impact on the performance of the investments in such properties and its ability to absorb vacancy quickly and viably.

In addition, members of the WeWork and/or Rhône may provide certain property level services to the investments, including at the property or intermediate level. Such services may include, among other things, asset and construction management services. The affiliate transactions arising from the provision of such services by the relevant member of WeWork or Rhône may create actual or potential conflicts of interest for the Funds. While WeWork and Rhône intend that any such property-level services will be provided at market rates and will be subject to the approval of the applicable GP Entity's management committee, compensation to the relevant member of WeWork or Rhône will not in fact be determined through true arms' length negotiations and will not be shared with the Funds or offset management fees in any respect.

Under certain circumstances, the partners, members, employees, managers and advisors of

WeWork, Rhône and WPA will be permitted to make co-investments with or through the Funds on terms that are not available to other investors generally. In addition, the Sponsor Group may negotiate for and retain certain carried interest or other incentive fees from co-investors in entities in which the Funds invest.

WPA, along with the Sponsor Group, will devote such time as may be necessary to conduct the business affairs of the Funds in an appropriate manner. However, personnel of the Sponsor Group, including members of the applicable GP Entity's management committee, will work on other projects and/or with other investment vehicles, will serve on other committees and have other responsibilities throughout Rhône, WeWork and/or their respective properties, and, therefore, conflicts are expected to arise in the allocation of personnel and such personnel's time.

The Sponsor Group believes that any adverse impact from any potential conflicts of interest described above will be mitigated by several factors. All acquisition and disposition decisions as well as the approval of any WeWork occupancy agreement with WeWork will be negotiated by WPA on behalf of the Funds (in which negotiations on behalf of the Funds, affiliates and associates of WeWork shall take no part) and will be subject to the prior approval of the Funds' respective GP Entity management committees, which requires the unanimous consent of WeWork and Rhône representatives. Furthermore, each WeWork occupancy agreement is expected to include a provision granting the property owner (and, thus, Rhône on behalf of the GP Entities) the right to terminate the agreement under certain circumstances such as in the event of an uncured default by WeWork in its capacity as operator or tenant. In addition, all agreements with respect to the provision of property-level services provided by Rhône or WeWork will be subject to the approval of WeWork, and all fees paid to WeWork or Rhône under such agreements will be disclosed on an annual basis to the limited partner advisory committee (but shall not otherwise be subject to the approval of review of the limited partner advisory committee or any other investor).

### **Allocation of Investment Opportunities**

WPA expects that any investment opportunities presented first to WeWork or Rhône that are reasonably within the mandate of the Funds, appropriate and suitable for, and reasonably actionable by, the Funds will be presented to WPA for consideration by the applicable GP Entity's management committee. While the relevant investment opportunity is being pursued on behalf of the Funds, neither WeWork nor Rhône may simultaneously pursue such opportunity for its own account. An investment opportunity must first be unanimously rejected by the applicable GP Entity's management committee before such investment opportunity may be pursued by either WeWork or Rhône.

Rhône and WeWork (including their respective affiliates, associates, directors, officers, stockholders, members and other related parties) may engage in transactions on their own behalf in the same type of investments as the Funds. In addition, Rhône and WeWork may raise, sponsor, manage, otherwise provide discretionary investment management and/or advisory services to, or source investments for, other sponsor investment vehicles (including, without limitation, other funds, investment vehicles, publicly-registered (whether listed or unlisted) REITs, separately managed account arrangements, special purpose vehicles and co-investment vehicles), some of which may have investment objectives similar to or that overlap with those of the Funds and/or engage in transactions in the same type of investments as the Funds. Such other sponsor investment vehicles may be sponsored by Rhône or WeWork individually or through joint venture

arrangements with other real estate private equity sponsors or others. Such other sponsor investment vehicles may invest primarily in properties located in the United States, outside the United States or globally. Rhône and WeWork (or the applicable affiliate, associate, director, officer, stockholder, member or other related party) will generally determine in its sole discretion whether an investment opportunity that would be appropriate for the Funds will be allocated instead to such other sponsor investment vehicle and vice versa. See Item 6 above for additional information about such opportunities.

### **Broken Deals**

Co-investment vehicles that invest alongside the Funds, or potential co-investors (in the case of where a vehicle has not been formed), which may include select investors or other third parties, are not expected to bear their share of broken deal expenses (such as reverse termination fees, any deposits or down payments of cash or other property, which are forfeited, all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources that become payable in connection with a proposed investment that is not ultimately made, legal, accounting, advisory and consulting fees and expenses, travel and related expenses, broker or other deal sourcer's fees and expenses (including retainers or similar fees and advancement of expenses), printing expenses, transaction expenses, extraordinary expenses such as litigation costs and judgments, legal, diligence and other customary transaction expenses and other expenses) for un consummated transactions, and such costs and expenses will be borne entirely by the Funds. Such other fees may give rise to conflicts of interest in connection with the Funds' investment activities, and while WPA will seek to resolve any such conflicts in a fair and equitable manner, there is no assurance that any such conflicts will be resolved in favor of the Funds. See Item 5 above for additional information about such fees and expenses.

### **Line of Credit Disclosure**

A Fund may utilize borrowings under such Fund's subscription-based credit facility in lieu of capital contributions or in advance of receiving capital contributions from limited partners to repay any such borrowings and related interest expense. Use of a subscription-based credit facility (or other long-term leverage) with respect to investments will result in higher reported investment returns than if the facility had not been utilized and instead the limited partners' capital had been contributed at the inception of an investment and may present conflicts of interest as a result of certain factors, including the interest rate on such borrowings typically being less than the rate of the hurdle and that such hurdle amount does not accrue on such borrowings, and only accrues on capital contributions when made. As a result, use of such long-term leverage arrangements with respect to investments may reduce or eliminate the hurdle amount received by the limited partners and accelerate or increase distributions of incentive allocations to the applicable GP Entity, providing WPA with an economic incentive to fund investments through long-term borrowings in lieu of capital contributions. The use of a subscription-based credit facility by each Fund is within the applicable GP Entity's discretion.

### **Investments in Which Another Investment Vehicle Has a Different Principal Investment**

The Funds and the other investment vehicles may make investments at different levels of an issuer's capital structure. Other investment vehicles may participate in a separate tranche of a fundraising with respect to an issuer in which the Funds have an interest or otherwise in different classes of

such issuer's securities. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. To the extent the Funds hold securities that are different (including with respect to their relative seniority) than those held by such other investment vehicles, the GP Entities and their affiliates may be presented and/or may have no rights with decisions when the interests of the Funds are in conflict. In addition, the Funds may from time to time invest in debt securities and other obligations relating to a property of other investment vehicles. In that regard, to the extent the Funds make or have an investment in, or, through the purchase of debt obligations becomes a lender to, a company in which an other investment vehicle has a debt or equity investment, or if any other investment vehicle participates in a separate tranche of a fundraising with respect to a property, the GP Entities and their affiliates may have conflicting loyalties between its duties to the Funds and to other affiliates. In that regard, actions may be taken for the other investment vehicles that are adverse to the Funds. In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that the return on the investment will be equivalent to or better than the returns obtained by the other affiliates participating in the transaction. In addition, it is possible that in a bankruptcy proceeding a Fund's interest may be subordinated or otherwise adversely affected by virtue of such other investment vehicles' involvement and actions relating to its investment.

### **Advisors and Operating Partners**

The Sponsor Group, the GP Entities or WPA may engage and retain strategic advisors, consultants, senior advisors and other similar professionals who are not employees or affiliates of the Sponsor Group and who may, from time to time, receive payments from, or allocations with respect to, the properties or other investments of the Funds, as well as from the Sponsor Group or the Funds. In such circumstances, such payments from, or allocations with respect to, the properties or other investments of the Funds, Sponsor Group members and/or the Funds will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by the Sponsor Group, be deemed paid to or received by the Sponsor Group and such amounts will not offset management fees in any way or otherwise be reimbursed by the Sponsor Group. These consultants and/or other professionals may be offered the ability to co-invest alongside the Funds, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such property or other investments of the Funds, or invest directly in the Funds subject to reduced or waived management fees and/or incentive allocations. The nature of the relationship with each of the consultants and/or other professionals and the amount of time devoted or required to be devoted by them may vary considerably. In certain cases, they may provide the GP Entities and/or WPA with industry-specific insights and feedback on investment themes, assist in transaction due diligence and make introductions to and provide reference checks on management teams or other service providers. In other cases, they may take on more extensive roles and serve as executives or directors on the boards of the properties or contribute to the origination of new investment opportunities. In certain instances the Sponsor Group may enter into formal arrangements with these consultants, management teams of operating platforms and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal. They may be either compensated (including pursuant to retainers and expense reimbursement) from the Sponsor Group, the Funds and/or a property or otherwise uncompensated unless and until an engagement with a property develops.

### **Senior Advisors, Operating Executives and the Operations Group**

Portfolio entities, properties, and, in some cases, the Funds, typically pay certain fees to other companies and individuals, which may be affiliates or employees of a member of Rhône or WeWork, portfolio companies of other funds managed by Rhône, third party consultants (including individual members of the operations group of Rhône or WeWork, consultants and external executives), “operating partners”, “strategic partners”, “executive partners” or “senior advisors” (collectively, “Special Consultants”). Special Consultants may be engaged to provide services to, or in connection with, the Funds in relation to their activities or one or more investments in relation to the identification, acquisition, holding, improvement and disposition of such investments, including operational aspects of such investments. Special Consultants may make use of the resources of a member of Rhône or WeWork or otherwise be associated with such party. If not an employee of Rhône or WeWork or one of their subsidiaries, senior advisors and operating executives are not subject to the restrictions on other employees, members, managers, partners of the relevant member of Rhône or WeWork such as conflicts of interest, allocation of investment opportunities, and formation of other vehicles. The relevant member of Rhône or WeWork may agree to compensate certain of such persons to the extent portfolio entity- related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Special Consultant compensation is expected to include cash fees, securities of a portfolio entity and/or a share of proceeds upon sale of a portfolio entity. Additionally, portfolio entities may provide opportunities for Special Consultants to invest in such portfolio entity and reimburse costs and expenses incurred by Special Consultants. Special Consultants also may have a limited partner interest in the Funds, may receive remuneration from Rhône, WeWork and/or the Funds or their respective affiliates, and/or be entitled to other forms of compensation. Such investment opportunities, reimbursements and other compensation paid to a Special Consultant will not offset management fees. Although the use of Special Consultants and the allocation of compensation paid to them subjects the relevant members of Rhône and WeWork to potential conflicts of interest, WPA believes that such potential conflicts may be reduced by the anticipated cost savings to the Funds that will result if the cost of the Special Consultant is lower than market rates for the services provided and/or if the services of the Special Consultant align with WPA’s model for the relevant investment and improve the performance of that investment by more than the cost of those services to the Funds. Although WPA seeks to retain Special Consultants with a view to reducing costs to investments (and, ultimately, the Funds) and/or improving investment performance, a number of factors may result in limited or no cost savings from such retention. WPA will also seek to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that WPA believes will align such persons’ interests with those of the investor, and will seek to retain Special Consultants and service providers that it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service providers would be more qualified to provide the applicable services or provide such services at lesser cost.

### **Pre-existing Relationships**

Rhône and WeWork may also, from time to time, employ personnel with pre-existing ownership interests in portfolio entities owned by the Funds or other investment vehicles advised by Rhône or WeWork; conversely, former personnel or executives of Rhône or WeWork may serve in significant management roles at portfolio entities or service providers recommended by Rhône or WeWork.



Similarly, Rhône, WeWork and/or their personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Rhône, WeWork, and/or the Funds or other investment vehicles they advise. Rhône and WeWork may have a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio entity if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in the Funds, will provide Rhône or WeWork information about markets and industries in which Rhône or WeWork operate (or is contemplating operations) or will provide other services that are beneficial to Rhône or WeWork. Rhône and WeWork may have a conflict of interest in making such recommendations, in that Rhône or WeWork has an incentive to maintain goodwill between it and the existing and prospective investments for the Funds, while the products or services recommended may not necessarily be the best available to the investments held by the Funds.

### **Fees for Services**

Rhône or WeWork may receive fees as compensation for management, construction, leasing, development, residential sales, brokerage, foreclosure-related services, purchasing services and other property-related services and fees for other advisory or consulting services, including, without limitation, the underwriting, syndication or refinancing of an investment or other additional fees, including loan servicing fees, special servicing fees, transaction fees and administrative fees, provided with respect to assets in which the Funds have an interest. Rhône or WeWork may also receive fees with respect to unconsummated transactions. Investors will not receive the benefit of such fees or compensation received by Rhône or WeWork. In addition, Rhône or WeWork may receive management and other similar fees from co-investors and joint venture partners with respect to investments made alongside the Funds, which co-investment fees will not offset or otherwise cause a reduction in management fees, and such co-investment fees could create an incentive for WPA to pursue an investment and structure the terms of the investment differently than it otherwise would in the absence of such co-investment fees. Moreover, Rhône, WeWork and their personnel should be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds which will not be subject to management fee offset or otherwise shared with the Funds, investors and/or the properties. For example, airline travel or hotel stays incurred as partnership expenses may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Rhône, WeWork and/or such personnel (and not the Funds, investors and/or the properties) even though the cost of the underlying service is borne by the Funds and/or the properties. In the event break-up or topping fees are paid to Rhône or WeWork in connection with a transaction that is not ultimately consummated, co-investment vehicles that invest alongside the Funds will generally not be allocated any share of such break-up or topping fees.

The Funds may bear the cost of fund administration and other related services provided by employees of Rhône or WeWork (including the allocation of such employees’ compensation otherwise payable by Rhône or WeWork), and such amounts will not offset management fees. Such allocations require judgments to methodology that WPA will make in good faith. Methodologies

can include (i) requiring personnel to periodically record or allocate their historical time in accordance with the Funds' policies, (ii) WPA approximating the proportion of certain personnel's time spent as between the Funds and other investment vehicles, (iii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that WPA believes represents a fair recoupment of expenses and market rate for such services or (iv) any other similar methodology determined by WPA to be appropriate under the circumstances. Any such methodology (including the choice thereof) involves inherent conflicts and may not result in perfect attribution and allocation of expenses. These expenses will be borne by the Funds and will not result in any offset to management fees.

The Funds' portfolio companies may be counterparties or participants in agreements, transactions, or other arrangements with portfolio companies of other investment funds managed by WPA or either member of the Sponsor Group that, although WPA or such member of the Sponsor Group, as the case may be, determine to be consistent with the requirements of such funds' governing agreements, may not have otherwise been entered into but for the affiliation with WPA or such member of the Sponsor Group, and which may involve fees and/or servicing payments to WPA- or Sponsor-affiliated entities that are not subject to the Management Fee offset provisions described in the Funds' respective private placement or confidential offering memorandum. For example, WPA may in the future cause portfolio companies to enter into agreements regarding, including without limitation, provision of security services to the Funds' properties, group procurement, benefits management, data management and/or mining, technology development, purchase of title and/or other insurance policies (which may be pooled across portfolio companies and discounted due to scale) and other similar operational initiatives that may result in fees, commissions or similar payments and/or discounts being paid to WPA, either member of the Sponsor Group or their respective affiliates, or a portfolio company, including related to a portion of the savings achieved by the portfolio company. In addition, portfolio companies of other sponsor investment vehicles may do business with, support, or have other relationships with competitors of the Funds' portfolio companies, and in that regard prospective investors should not assume that a company related to or otherwise affiliated with WPA will only take actions that are beneficial to or not opposed to the interests of the Funds and their portfolio companies. For example, it is possible that certain portfolio entities of the other sponsor investment vehicles or companies in which the other sponsor investment vehicles have an interest will compete with the Funds for one or more investment opportunities.

Additionally, either member of the Sponsor Group may hold equity or other investments in companies or businesses (even if they are not "affiliates" of such member of the Sponsor Group) that provide services to or otherwise contract with portfolio companies. In connection with such relationships, such member of the Sponsor Group may also make referrals and/or introductions to portfolio companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting such member of the Sponsor Group that are tied or related to participation by portfolio companies). The Funds and the investors will not share in any fees or economics accruing to either member of the Sponsor Group as a result of these relationships and/or participation by portfolio companies.

### **Placement Agents**

Certain parties may act, and additional parties may in the future act, as placement agents (each, a "Placement Agent", and together, the "Placement Agents") for the units in the Funds and, in that



capacity, act for the GP Entities and in such capacity would not act as investment advisers to potential investors in connection with the offering of the units. Potential investors must independently evaluate the offering and make their own investment decisions. The GP Entities and/or its affiliates will pay each Placement Agent a placement fee based upon the amount of units committed to by investors that each such Placement Agent introduces to the GP Entities and each investor will bear any placement fees incurred with respect to its investment in the Funds and such placements fees will offset such investor's Management Fees in accordance with the applicable partnership agreement. Potential investors should also note that at various times, the Placement Agents can be expected to act as placement agents for other fund sponsors and funds, including unaffiliated fund sponsors and funds, which may offer interests that are similar to the units and/or otherwise compete with the Funds for investments. Those unaffiliated sponsors may pay placement fees on terms different from the fees that the Placement Agents will receive from the GP Entities in connection with this offering, and this difference in fees may influence the Placement Agents to introduce or not introduce potential investors to the GP Entities. Furthermore, certain Placement Agents may seek to do business with and earn fees or commissions from other investment funds and their portfolio entities and affiliates of the GP Entities. Examples of such business may include, without limitation: provision of financing or other investment banking services; lending or arranging credit; and provision of prime brokerage. Each potential investor should consider these issues in making its investment decision.

### **Side Letters and Agreements**

WPA may enter into side letters or other similar agreement with certain investors with respect to one or more Funds without the approval of any other investor, which may have the effect of establishing rights under, altering or supplementing the terms of the relevant limited partnership agreement with respect to such investor in a manner more favorable to such investor than those applicable to other investors. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) reporting obligations of WPA, (ii) waiver of certain confidentiality obligations, (iii) consent of WPA to certain transfers by such investor or other exercises by WPA of its discretionary authority under the Funds' agreements for the benefit of such investor, (iv) restrictions on, or special rights of, such investor with respect to the activities of WPA, (v) redemption rights due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies, (vi) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an investor, (viii) additional obligations and restrictions of the Funds with respect to the structuring of any investment (including with respect to alternative investment vehicles) and (ix) certain adjustments with respect to certain economic provisions, including with respect to the applicable management fee and/or incentive allocation.

Additionally certain investors may request information relating to a Fund from the GP Entities and, to the extent such information is readily available or may be obtained without unreasonable effort or expense (or alternatively, investors agree to reimburse the GP Entities for any expenses incurred), and subject to applicable law and any applicable confidentiality obligations, the GP Entities will generally provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of such Fund that is not generally known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

### **Incentive Allocation; Management Fee**

The existence of the incentive allocation and management fees payable to WPA, each of which is based on a Fund's NAV, may create an incentive for WPA to make riskier or more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based compensation. WPA may also be motivated to accelerate acquisitions in order to increase NAV or, similarly, delay or curtail redemptions to maintain a higher NAV, which would, in each case, increase the management fee distribution payable to WPA. WPA may receive an incentive allocation in respect of unrealized appreciation of the Funds' assets, and the management fee will take into account the unrealized value of the Funds' assets and any cash and cash equivalents. See Items 5 and 6 above for additional information.

### **Effect of Carried Interest**

The manner in which the GP Entities' entitlement to incentive allocation is determined may result in a conflict between their interests and the interests of investors with respect to the sequence and timing of disposals of investments. The GP Entities may be incentivized to operate the Funds, including to hold and/or sell investments, in a manner that takes into account the tax treatment of their incentive allocations. Investors should note in this regard that recently enacted tax reform legislation relating to the taxation of carried interest provide for a lower capital gains tax rate in respect of investments held for at least three years. While the GP Entities generally intend to seek to maximize pre-tax returns for the Funds as a whole, the GP Entities may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments prior to any change in law that results in a higher effective income tax rate on their incentive allocation.

### **Additional Potential Conflicts**

The officers, directors, members, managers and employees of Rhône and WeWork may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or otherwise determined from time to time by WPA.

### **No Independent Advice**

The terms of the agreements and arrangements under which the Funds are established and will be operated have been or will be established by the GP Entities and are not the result of arm's-length negotiations or representations of the investors by separate counsel. Prospective investors should therefore seek their own legal, tax and financial advice before making an investment in the Funds.

*The risks and conflicts of interest identified above do not provide a complete explanation of the risks and conflicts of interest associated with an investment in the Funds. Prior to making a commitment to invest in a Fund, investors should carefully read the private placement or confidential offering memorandum, subscription materials and constituent documents of that Fund, in each case, as amended or supplemented from time to time, and consult with their own financial, legal and tax advisers.*

## ITEM 9

### Disciplinary Information

There are no legal or disciplinary events required to be disclosed pursuant to this Item.

## ITEM 10

### Other Financial Industry Activities and Affiliations

#### **Rhône**

Rhône is a global alternative asset management firm with more than \$5 billion in assets under management across its private equity and real estate platforms, which it has invested across a wide range of economic and capital market environments. Rhône is a registered investment adviser with the SEC. Additional information regarding Rhône and its advisory activities can be obtained by accessing its Form ADV which is filed with the SEC.

A subsidiary of Rhône, Rhône Group Advisors LLC ("RGA"), is a broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority ("FINRA"). However, neither WPA nor any of its members, managers or employees currently has a relationship that is material to WPA's advisory business with a related person that is a broker-dealer, including RGA.

#### **General Partners of Funds**

The Funds are managed by the GP Entities. While the GP Entities are not separately registered as investment advisers with the SEC, their advisory activities are subject to the Advisers Act, and such entities are subject to examination by the SEC. In addition, any person acting on behalf of the GP Entities is and shall be subject to the supervision and control of WPA.

Certain inherent conflicts of interest arise from the following circumstances: (1) WPA will provide advisory services to more than one Fund and (2) the Funds may have one or more overlapping investment objectives. The Funds may have similar investment strategies and participation in specific investment opportunities may be appropriate for more than one Fund. In such cases, participation in investment opportunities will be allocated pursuant to WPA's policies and procedures established to allocate investment opportunities among the Funds. Please see Item 8 – "Methods of Analysis, Investment Strategies and Risk of Loss – Conflicts of Interest" for additional information and disclosure on these matters.

For greater certainty, WeWork and Rhône shall not be treated as related persons of WPA for the purposes of this Brochure.

## ITEM 11

### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

WPA has adopted a Code of Ethics, which is predicated on the principle that WPA owes a fiduciary duty to its clients. The Code of Ethics applies to all supervised persons of WPA. The Code of Ethics imposes restrictions and safeguards on the use of material, non-public information, and all supervised persons of WPA must comply with the Company's insider trading policy. In addition, all supervised persons of WPA are required to submit securities holdings

and transaction reports to the Company's Chief Compliance Officer on a periodic basis.

Investors and prospective investors may obtain a copy of the Company's Code of Ethics by contacting the Chief Compliance Officer, Jennifer Lin, by email at [jlin@weworkproperty.com](mailto:jlin@weworkproperty.com).

In addition, partners, members, managers and employees of WPA and its affiliates may, and do, directly or indirectly own an interest in one or more Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same investments as a Fund. Co-invest opportunities may also be presented to certain affiliates of WPA, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Consequently, WPA, its partners, members, managers and employees and certain of its related persons participate in transactions effected for clients of WPA.

As discussed in Item 8 above, the GP Entities and/or their affiliates, as applicable, may also enter into side letters or other similar agreements with certain investors in connection with each such investor's admission to a Fund as a limited partner therein without the approval of any other limited partner of such Fund, which would have the effect of establishing rights under or altering or supplementing the terms of the applicable Fund partnership agreement with respect to such limited partners in a manner more favorable to such limited partners than those applicable to other limited partners. Any rights or terms so established in a side letter with a limited partner will govern solely with respect to such limited partner (but not any of such limited partner's assignees or transferees unless so specified in such side letter) and will not require the approval of any other limited partner notwithstanding any other provision of the applicable Fund's partnership agreement, and any such favorable treatment may be granted for consideration or otherwise.

Additionally, a Fund may invest together with other funds advised by an adviser affiliated with WPA or a member of the Sponsor Group, subject to the terms of such Fund's constituent documents and WPA's co-investment policy. WPA will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to the Funds consistent with WPA's obligations and may take into consideration factors such as the following: the Fund's investment restrictions and objectives (including those set forth in the relevant Fund's constituent documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition and cash level and applicable regulatory restrictions. In the case of co-investments, WPA may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund investments or otherwise to have priority in co-investment opportunities. Please see Item 4 – "Advisory Business" and Item 8 – "Methods of Analysis, Investment Strategies and Risk of Loss – Conflicts of Interest" for additional information and disclosure on these matters.

*The foregoing relationships and any other actual or potential conflicts of interest relating to an investment in a Fund are disclosed in more detail in the relevant private placement or confidential offering memorandum, subscription materials and constituent documents of each Fund, in each case, as amended or supplemented from time to time.*

## ITEM 12

### Brokerage Practices

Given the Company's strategy of investing primarily in real estate assets, WPA expects to execute very few direct securities transactions on behalf of the Funds. However, in the event of a securities transaction, WPA is authorized to determine the broker or dealer to be used in its sole discretion. In selecting brokers or dealers to execute transactions, the Company seeks to obtain best execution and minimize trade costs and the risks of trade errors. In selecting a broker to execute client transactions, WPA may consider a variety of factors, including the following: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

WPA does not have any soft dollar arrangements with broker-dealers, nor does the Company select broker-dealers in exchange for client or investor referrals.

## ITEM 13

### Review of Accounts

All investments are carefully reviewed and approved by the Funds' respective GP Entity management committee. Investments are reviewed and monitored on a continuous basis. WPA investment personnel meet regularly to discuss investment ideas, economic developments, industry outlook, and other issues related to current portfolio holdings and potential investment opportunities.

The Funds generally deliver information to their investors on a quarterly basis. The information provided to each investor will be in accordance with the requirements of the Funds' applicable constituent documents and generally includes the following information: (1) quarterly investor summaries; (2) a portfolio summary; and (3) unaudited financial statements. On an annual basis, investors receive audited financial statements of the applicable Funds as well as certain tax information.

## ITEM 14

### Client Referrals and Other Compensation

Only clients provide economic benefit to WPA for providing investment advice or other advisory services.

WPA may engage, or cause the Funds to engage in the future, placement agents to market and sell interests in the Funds to prospective investors. WPA requires placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of FINRA.

## ITEM 15

### Custody

In connection with the management of investments for certain clients, WPA may have, or may be deemed to have, custody of certain Funds or securities of its clients. Rule 206(4)-2 (the

“Custody Rule”) under the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client’s accounts or ownership of or access to client funds or securities (such as through fee deductions).

With the exception of certain assets, which are defined as “privately offered securities” per the Custody Rule, each Fund’s assets are held in custody by unaffiliated broker-dealers or banks acting in the capacity as “qualified custodians”. With respect to certain Funds, the GP Entities may be deemed to have custody of its funds or securities. WPA has developed procedures that ensure the safeguarding and protection of the assets. Such procedures include, among other things, the separation of functions and multiple approvals for the distribution of a Fund’s capital.

The Funds are subject to an annual audit performed by a nationally recognized public accounting firm and the audited financial statements are distributed to each investor.

## ITEM 16

### Investment Discretion

In accordance with the terms and conditions of the relevant private placement or confidential offering memorandum, subscription materials and constituent documents of each Fund, in each case, as amended or supplemented from time to time, the GP Entities generally have full discretionary authority to determine, without obtaining consent from investors in such Fund, the investments to be bought or sold on behalf of the Fund.

## ITEM 17

### Voting Client Securities

WPA has taken steps to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of its clients, as determined by WPA (or the relevant GP Entity) in its sole discretion.

From time to time, conflicts may arise between the interests of the investor in a Fund, on the one hand, and the interests of WPA or its affiliates, on the other hand. If WPA determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, WPA will address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. WPA, in its sole discretion, may elect not to vote a proxy if unduly burdensome. In the event of a material conflict of interest, the matter in question may be presented to the advisory board of a Fund, as applicable, in accordance with terms of that Fund’s constituent documents.

Investors in a Fund may not direct how any interests in a company held by a Fund may be voted.

Investors may obtain a copy of our policies and procedures relating to proxy voting as well as a record of the proxy votes made in respect of assets held by the Funds by emailing the Chief Compliance Officer at [jlin@weworkproperty.com](mailto:jlin@weworkproperty.com) or by writing to the address listed on the cover page of this brochure.



**ITEM 18**  
**Financial Information**

WPA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to meet any contractual obligations to its clients