

FIRM BROCHURE

TXRE ADVISERS, LLC

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This brochure provides information about the qualifications and business practices of TXRE Advisers, LLC. If you have any questions about the information contained in this brochure, please contact us at (972) 201-2841. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of governing documents that contain a description of the material terms relating to such investments, products or services.

Additional information about TXRE Advisers, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

March 31, 2022

Item 2: Material Changes

The date of the last annual updating amendment to our firm brochure was March 31, 2021. A summary of certain of the material changes made to our firm brochure since the date of our last annual updating amendment is set forth below:

- We updated our regulatory assets under management as of December 31, 2021. **See Item 4.**
- Various updates, changes and revisions have been made to the disclosures in Item 5 regarding the various applicable costs, fees and expenses that are or may be borne by the Funds. Additional disclosures regarding the allocation of expenses among us, our affiliates and applicable clients was added to Item 5.
- Updated and enhanced disclosures the allocation of investment opportunities and the conflicts of interest applicable in making allocation determinations have been added to Item 6.
- We made various additions, revisions and updates to the risk factor disclosures set forth in **Item 8.**
- Additional disclosures regarding transactions with affiliates, service provider conflicts and other matters, and the conflicts of interest relating thereto, have been added to Item 10.
- Updated, revised and enhanced disclosures and information regarding the allocation of investment opportunities with respect to the Funds and our other clients, including more detailed information regarding the types of investment opportunities that are not required to be, and generally are not, offered or made available to or made by the Funds or our other clients, but may be offered exclusively to, and made exclusively by, us and our affiliates on our own balance sheets. **See Item 11.**

The information set forth in this brochure is qualified in its entirety by the applicable offering and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering and/or governing documents, such documents will control.

We encourage all clients and investors to carefully review this document in its entirety.

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Item 4: Advisory Business

FIRM DESCRIPTION AND OVERVIEW

TXRE Advisers, LLC, a Delaware limited liability company and private investment management firm (“TXRE,” “we,” “our,” or “us”), was formed in 2011. We provide and/or perform Investment Advisory Services (as defined below) to various affiliated pooled investment vehicles and other entities that invest, directly or indirectly, in real estate and real estate-related investments. As used herein, “Investment Advisory Services” means investment advice as to the value of securities or the advisability of investing in, purchasing or selling securities or any other services, activities or functions that would, absent an exclusion or exemption, cause a person to be an “investment adviser” within the meaning of Section 202(a)(11) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Certain of our affiliates provide investment management, administrative, property management and other services with respect to our clients and/or their real estate investments.

We do not act as general partner or managing member with respect to any of our clients. Instead, we supervise, oversee and control any and all Investment Advisory Services provided with respect to our clients, and certain of our affiliates (including the general partners, managing members and investment managers of the Funds) rely on our investment adviser registration instead of separately registering as investment advisers with the Securities and Exchange Commission (the “SEC”) under the Advisers Act. **See Item 10.** Except as the context otherwise requires, any reference to “we,” “us” or “our” in this document includes TXRE Advisers, LLC and any affiliates relying on our registration.

PRINCIPAL OWNERS

The sole member of TXRE Advisers, LLC is Hillwood Development Company, LLC, whose sole member is Hillwood Development Group, L.P. Perot Investment Trust I ultimately owns over 25% of the limited partnership interests of Hillwood Development Group, L.P. For more information regarding our executive officers and ownership, please refer to Schedules A and B of Part 1 of Form ADV. For information relating to the executive officers and ownership of each adviser relying on our registration, please refer to Schedule R of Part 1 of Form ADV with respect to such affiliate.

TYPES OF ADVISORY SERVICES

We currently provide and/or perform Investment Advisory Services with respect to US Industrial Club IV, LP, a Delaware limited partnership (“Club IV”), US Industrial Club V, LP, a Delaware limited partnership (“Club V”), and US Industrial Club VI, LP, a Delaware limited partnership (“Club VI” and, together with Club IV and Club V, the “US Funds”), HE Investments SICAV-FIS, an investment company with variable capital – specialized investment fund incorporated as a partnership limited by shares under the laws of the Grand Duchy of Luxembourg (the “Europe Fund I”), EU Industrial Club II SCS, a Luxembourg common limited partnership (“EU Club II”), EU Industrial Club III SCS, a Luxembourg common limited partnership (“EU Club III”), and EU Industrial Club IV SCS, a Luxembourg common limited partnership (“EU Club IV” and, together with EU Club II, EU Club III and Europe Fund I, the “EU Clubs”), EU Industrial Club II UK AIV SCS, a Luxembourg special limited partnership (“EU Club UK”), UK Industrial Club II SCS, a Luxembourg special limited partnership (“UK Club II” and, together with EU Club UK, the “UK Clubs” and, together with the EU Clubs, the “European Funds”), EU Project, LLC, a Delaware limited liability company (“EU Project”), and EU Project IV, LLC, a Delaware limited liability company (“EU Project IV” and, together with EU Project, the “EU Projects”). The US Funds, the European Funds and EU Projects may be collectively referred to herein as the “Funds”, and each, a “Fund”. We monitor, supervise, oversee and control any and all Investment Advisory Services provided with respect to the Funds.

We provide and/or perform Investment Advisory Services with respect to one or more pooled investment vehicles managed, established and/or sponsored by us or an affiliate with respect to investments in investment entities and projects that are managed, controlled, established, sponsored and/or advised by us and/or our affiliates (the “Employee Vehicles”). The investors in such Employee Vehicles are or will be limited to our officers, employees and personnel. In addition, we perform and/or provide certain Investment Advisory Services to various joint ventures or special purpose investment vehicles that have one or more third party partners (“SPVs” and, together with the Funds and Employee Vehicles, our “clients”). The third-party investors in SPVs typically are more actively involved in reviewing and approving investments and related expenses than investors in our commingled funds. As noted in Schedule D – Miscellaneous of Part 1A of Form ADV, we generally do not provide “continuous and regular supervisory or management services” with respect to such SPVs. Certain SPVs, Employee Vehicles and other clients may directly or

indirectly invest in, or acquire interests in, one or more Funds, other clients and/or other entities or ventures managed or controlled by us and our affiliates.

We provide Investment Advisory Services to clients with respect to real estate and real estate-related investments (either directly or indirectly through one or more real estate investment trusts, limited partnerships, limited liability companies and/or other special purpose vehicles). Our Investment Advisory Services are provided in accordance with the investment objectives, policies and guidelines set forth in the applicable disclosure and governing documents. **See Item 8 below.**

As noted above, certain of our affiliates provide and may in the future provide investment management, administrative and other services with respect to clients and their investments, including development services, property management services, leasing services, general contractor services, lending, financial advisory, engineering, consulting, or investment research, administrative services and other services necessary for the acquisition, management, operation, financing, improvement, leasing and disposition of investments.

We and/or our affiliates may provide and/or perform Investment Advisory Services and other services with respect to one or more additional clients in the future, including, but not limited to, additional affiliated pooled investment vehicles, special purpose vehicles, joint ventures or entities and separately managed accounts of institutional clients.

INVESTMENT RESTRICTIONS

We generally provide and/or perform Investment Advisory Services with respect to each client in accordance with the investment objectives, policies, guidelines, limitations and restrictions set forth in the applicable management and/or offering or governing documents. Any investment restrictions with respect to a client typically are memorialized in the applicable governing and offering documents. We provide and perform Investment Advisory Services solely with respect to the Funds, SPVs and other clients, and no investor in any such Fund, SPV or other client should look to us or our affiliates for advice regarding any of its own investment decisions, including any decision to invest in a Fund or SPV or client. We generally treat the Funds, SPVs and other clients, and not any of their investors, as our “clients” for purposes of the Advisers Act and other applicable laws and regulations, to the extent permitted under such laws.

Certain of the Funds and their general partners or controlling persons have entered into, and may from time to time in the future enter into, side letter agreements or other similar agreements or arrangements (commonly referred to as “side letters”) with certain investors in such Fund that have the effect of establishing rights or terms and/or otherwise benefitting such investors in a manner that is more favorable in various material respects than the rights and benefits established in favor of other investors pursuant to the applicable governing documents. Such rights or benefits in any side letter or similar agreement may include, without limitation, (i) investment capacity rights, (ii) fees and/or carried interest reductions or waivers, (iii) reporting obligations of the applicable general partner, manager or us and/or preferential information rights, (iv) waiver of certain confidentiality obligations, (v) consent of the general partner to certain transfers by such investor, or (vi) rights or terms necessary or advisable in light of particular legal, regulatory or public policy considerations of an investor. Certain investors that have the benefit of “most favored nation” protection are given the opportunity to elect the rights and terms in any side letter or other similar agreement that are applicable to such investors.

ASSETS UNDER MANAGEMENT

As of December 31, 2021, we had approximately \$4,666,396,370 in regulatory assets under management (as reflected in Item 5.F.(2) of Part 1A of our Form ADV). All of these assets were managed on a discretionary basis (either directly or indirectly). For purposes of calculating our regulatory assets under management, we have only included the assets of a subset of our clients for which we provided or may be deemed to have provided “continuous or regular supervisory or management services” with respect to “securities portfolios” (as such terms and concepts are described and defined in the instructions to Part 1 of Form ADV) as of December 31, 2021. Accordingly, only the assets of the US Funds, the European Funds and EU Projects as of December 31, 2021, are included and reflected in the “regulatory assets under management” number set forth above and in Part 1 of Form ADV. We have excluded the assets and commitments of the European Funds that are attributable to EU Projects and the assets and commitments of Club V and Club VI that are attributable to Employee Vehicles in order to avoid double counting.

As of December 31, 2021, certain of the US Funds and the European Funds intend to rely upon and qualify for, to the extent applicable, the exclusions from the definition of “investment company” set forth in Sections 3(c)(1), 3(c)(7), 3(c)(5)(C) and/or 3(c)(6) of the Investment Company Act of 1940, as amended (the “Company Act”). Those Funds that qualify for and rely upon one or more exclusions from registration under the Company Act other than (and in

addition to) Section 3(c)(7) and Section 3(c)(1), do not currently constitute “private funds” for purposes of the Advisers Act, Form ADV or Form PF.

Item 5: Fees and Compensation

DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

In consideration of our Investment Advisory Services, we and/or certain of our affiliates generally are or may be entitled to receive management fees and incentive distributions with respect to our clients. In addition, our affiliates generally are or may be entitled to receive other types of compensation or fees from or with respect to our clients or their investments including, without limitation, property management fees, development fees, construction management fees, real estate and leasing fees and general contractor fees. While applicable fees and other compensation are described in detail in the applicable governing or offering documents and/or service agreements, a general overview of such fees and compensation is set forth below. The following summary is qualified in its entirety by the applicable governing and offering documents of each applicable Fund, SPV, or Employee Vehicle.

Management fees. With respect to the US Funds and the European Funds, we (or one or more of our affiliates) generally are entitled to receive, on the first day of each calendar quarter in advance (or at such other times set forth in the applicable governing agreement), an investment management fee equal to a percentage of each investor's net equity invested or aggregate capital commitment. The management fee percentage with respect to each investor generally is subject to negotiation and may be forth in a separate agreement (such as a side letter) between the applicable Fund and such investor.

Notwithstanding the foregoing, the management fees with respect to the US Funds and the European Funds generally are reduced and offset by the amount (i) by which the formation or restructuring expenses exceed a certain amount set forth in the governing document and (ii) of any fees paid by the applicable Fund and/or its subsidiaries to our affiliates with respect to any "affiliate in-house services" (i.e., services which would otherwise be provided by third parties, including lending, financial advisory, engineering, consulting or investment research) provided by such affiliate. In addition, with respect to certain Funds, the management fees may be further reduced and offset by the amount of any breakup fees, director's fees, advisory fees, acquisition and disposition fees, monitoring fees, and similar types of special transaction fees (excluding the fees further outlined below). Any management fee offset generally is applied to reduce the management fee to be made in the immediately succeeding fiscal quarter, but not below zero; *provided* that if the aggregate amount of management offsets during any fiscal quarter exceed the management fee owed for such fiscal quarter, then such excess will be carried forward and reduce the management fee to be made for the next fiscal quarter. The management fee offset is applied proportionately among investors based on their relative capital commitments. Notwithstanding the foregoing, development fees, property management fees, construction management fees, real estate and leasing fees and general construction fees (as described below) (and any other fees or compensation specifically authorized pursuant to governing documents of a Fund) are paid to, and received by, our affiliate and generally will not reduce or offset the management fees.

EU Projects, Employee Vehicles and the SPVs currently do not pay, and are not subject to, any direct management fees (or similar asset-based fees) payable to us or any of our affiliates.

Incentive Distributions. Subject to the terms and conditions set forth in the applicable governing documents, certain of our affiliates (including general partner entities) generally are entitled to receive an incentive distribution or other performance-based compensation in respect of each unaffiliated investor in the US Funds and the European Funds that is generally up to 20% of each such investor's profit from each portfolio investment made by such Fund and its subsidiaries, subject to (i) the satisfaction of a preferred internal rate of return, compounded annually, and (ii) recoupment of prior net losses, expenses and fees by such investor in such Fund. Incentive distributions are subject to clawback from the applicable general partner or other affiliate under certain circumstances, as described below.

If, upon liquidation of a Fund and after making all distributions required under the applicable governing documents, its general partner or other affiliate has received incentive distributions in respect of an investor (plus any tax distributions in respect thereof) in excess of the "promote amount" with respect to such investor, or such investor has not received aggregate distributions pursuant to the governing documents sufficient to provide such investor with the applicable cumulative internal rate of return (the "IRR Shortfall Amount"), then the general partner or other affiliate will be required to contribute to the capital of such Fund for distribution to such investor an amount equal to the greater of (i) the excess of the aggregate incentive distributions in respect of such investor and tax distributions in respect of such investor received by the general partner or affiliate over the promote amount in respect of such investor, and (ii) the IRR Shortfall Amount.

We may reduce or eliminate incentive distributions with respect to investors that are affiliated with or employed by us.

EU Projects pay an incentive fee to our affiliate. Employee Vehicles and certain of the SPVs currently do not pay, and are not subject to, any direct incentive or other performance-based fees or allocations payable to us or our affiliates.

Development Fees. In connection with each portfolio investment, a Fund or a subsidiary thereof may enter into a transaction services agreement with one or more of our affiliates, pursuant to which the Fund or the applicable subsidiary thereof generally will pay a development fee equal to four percent (4.0%) (or such lesser or greater percentage or amount set forth in the applicable governing documents) of the development costs of such portfolio investment.

Property Management Fees. In connection with each portfolio investment, a Fund or a subsidiary thereof may enter into a property management agreement with one of our affiliates, pursuant to which our affiliate will provide various property management services with respect to such portfolio investment. In the event that a Fund or a subsidiary thereof enters into a property management agreement, it generally will pay a property management fee equal to the greater of: (i) three thousand dollars (\$3,000) per month, or (ii) three percent (3.0%) of the base rent for the applicable portfolio investment (or such other amount set forth in the applicable governing agreements).

Construction Management Fees. In connection with a portfolio investment which is to be redeveloped, renovated, refurbished or otherwise repositioned, or with respect to which a Fund or a subsidiary thereof will construct tenant improvements, a Fund or a subsidiary thereof generally pays or may pay one of our affiliates a construction management fee that is calculated based upon a percentage (which may range from 2% to 7.5%) of the applicable improvement costs.

Real Estate & Leasing Fees. In connection with a portfolio investment, a Fund or a subsidiary thereof may enter into a broker agreement for the purchase, sale or lease of industrial property with one of our affiliates, pursuant to which such affiliate will serve as the buyer's, seller's, or leasing agent for the portfolio investment. A Fund or a subsidiary thereof generally may pay market-rate commissions to the applicable affiliate based on the type and size of the property and the geographic area in which it is located.

General Construction Contracts and Fees. In connection with a portfolio investment, a Fund or a subsidiary thereof may enter into a construction agreement with one of our affiliates where the basis of payment is the cost plus a fee with a guaranteed maximum price, pursuant to which our affiliate will provide general contractor services with respect to such portfolio investment. A Fund or a subsidiary thereof generally may pay a general contractor fee equal to 3.5% (or such other percentage or amount set forth in the applicable governing agreements) of the cost of the work pursuant to the applicable construction agreement.

In addition to management fees, incentive distributions, development fees, property management fees, construction management fees, real estate and leasing fees and general construction contracts and fees, we and/or our affiliates may receive various other types and forms of fees, payments and/or other compensation in connection with the services provided thereby (as described in the applicable governing and/or offering documents), and such fees may not result in a reduction of or offset to the management fees payable by the applicable Fund.

Detailed information regarding the fees and compensation applicable to each Fund or other client is set forth in its governing documents (and related services agreements) and the summary set forth above is qualified in its entirety by such governing documents. The applicable fees and compensation will vary from Fund to Fund based upon the terms and conditions set forth in the applicable governing and service agreements thereof.

PAYMENT OF FEES

Management fees generally are payable quarterly, in advance, on the first day of each calendar quarter (or such other time set forth in the applicable governing document or side letter agreement). The general partners of the Funds (or other affiliated entities) have the discretion to pay management fees from capital contributions drawn for such purpose, proceeds received in respect of any investments, or any other funds or other assets determined by the general partner (or an affiliate thereof) to be available. The management fee will be prorated for any period less than a full calendar quarter based upon the number of days during such period. In the event of termination of the investment management agreement with a Fund (or the removal of us or our affiliates as general partner), the management fee and any reimbursements of expenses will be paid up to and through the date of termination.

Incentive distributions generally are distributed to the general partners of the Funds (or one or more other affiliated entities) quarterly or more frequently at the election of the applicable general partner.

Any other applicable fees or compensation (including development, property management, leasing and other types of fees) with respect to a Fund or other client will be payable in accordance with the terms set forth in the applicable service agreements entered into by each Fund or other client (the forms of which are typically attached as an exhibit or appendix to the governing documents).

OTHER FEES AND EXPENSES

Detailed information regarding the various expenses and costs borne by or allocated to each Fund is set forth in its governing documents (including the forms of service agreements attached thereto). In addition to management fees, incentive distributions, development fees, property management fees, leasing fees, construction management fees and any other applicable fees and compensation payable to us or our affiliates with respect to a Fund, we and/or our affiliates generally are reimbursed by each Fund and/or its direct or indirect subsidiaries for certain fees, expenses and costs incurred by us and/or our affiliates on behalf thereof, including, without limitation, (i) all fees and out-of-pocket costs and expenses incurred in connection with the formation of such Fund, non-investment specific subsidiaries, the general partner (and its general partners) and any alternative investment vehicles or parallel funds and the admission of limited partners and investors to the Fund and any parallel funds (other than placement agent fees), including, travel (which may include commercial air travel and the use of non-commercial aircraft and/or private chartered aircraft (but under all circumstances, the costs associated with any such air travel that may be charged to the Fund and/or its subsidiaries will not exceed the cost of business class or business class equivalent commercial airfare)), transportation, meals, lodging, reasonable entertainment (such as meals with developers and partners, conference room rentals, market tours of properties, and similar costs), legal, accounting, filing and all other expenses incurred in connection with the offer and sale of interests in such Fund and such parallel funds and compliance with laws, rules and regulations thereto, subject to the terms and conditions set forth in the applicable partnership agreement (including the cap on such expenses referenced in the governing documents of the Fund); (ii) all charges and expenses of the Fund's and its subsidiaries' operations, including maintaining bank accounts or of any banks, custodians or depositories appointed for the safekeeping of interim investments or other property of the Fund or any subsidiary, and all costs of bookkeeping, accounting and audit services (but excluding all non-third party expenses associated with the preparation and distributions of financial statements and reports to any investor); (iii) all costs incurred by the Fund, any subsidiary, the applicable general partner or any sponsor affiliate that are related to the Fund's or its subsidiaries' operations (including, for the avoidance of doubt, costs and expenses paid or reimbursed at the project or mandate investment level, which will be indirectly borne by the Fund and its investors); (iv) costs, expenses and fees directly related to the investigation of investment opportunities, whether or not consummated (including any "dead-deal" costs), and whether incurred before or after the formation of the Fund; (v) costs and expenses related to the acquisition, ownership, management, operation, construction, financing, hedging or sale of investments; (vi) costs and expenses of meetings with or reporting to the investors (including preparation and delivery of financial statements, tax returns, Schedule K-1 or Form T5013, but excluding all non-third party expenses associated with the preparation and distribution of financial statements and reports to any investor); (vii) fees and expenses for accounting, auditing, research, consulting and legal services; (viii) costs and expenses of meetings of or reporting to the advisory committee of the Fund; (ix) costs related to risk management services and insurance for the Fund, its subsidiaries and its mandate investments, including insurance to protect the Fund, the applicable general partner, sponsor affiliates, the advisory committee, the operating committee, the investment committee and the investors in connection with the performance of activities related to the Fund or its mandate investments; (x) costs relating to the Fund's indemnification of the indemnified parties pursuant to the applicable partnership agreement, including costs of any litigation and any judgments, or settlements payable in connection therewith, subject to the limitations in the partnership agreement; (xi) extraordinary expenses (e.g., litigation expenses associated with third party litigation); (xii) interest on, and fees and expenses arising out of, all borrowings (including bridge investments) of the Fund and its subsidiaries; (xiii) expenses incurred in connection with liquidating the Fund, its subsidiaries and mandate investments; (xiv) any taxes, fees and other governmental charges levied against the Fund, its subsidiaries and mandate investments, and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund, its subsidiaries or mandate investments; (xv) travel costs and other expenses associated with investigating, evaluating, and/or relating to investment opportunities (whether or not consummated), or making, monitoring, managing or disposing of investments (including commercial air travel and the use of non-commercial and/or private chartered aircraft (but under all circumstances, the costs associated with any such air travel that may be charged to the Fund and/or its subsidiaries shall not exceed the cost of business class or business class equivalent commercial airfare)), transportation,

lodging, meals, reasonable entertainment (such as meals with potential developers and partners, conference room rentals, market tours of properties, and similar costs), and communications relating to the foregoing); (xvi) the costs and fees of any third parties and, subject to the partnership agreement of the Fund, any sponsor affiliates, retained to provide services to the Fund, its subsidiaries or investments (including the amounts described in the sponsor affiliate agreements); (xvii) expenses related to the provision of gifts and entertainment events to real estate professionals or other service providers that provide or may provide services that benefit the Fund or its subsidiaries which are reasonable and customary in the industry; (xviii) fees, costs and expenses related to the appraisal and valuation of investments and the assets of each subsidiary, including without limitation the fees and expenses of independent appraisers and independent brokers engaged with respect to the Fund; (xix) any and all expenses (including legal fees and expenses): (A) incurred to comply with any law or regulation directly or indirectly related to the activities of the Fund, and (B) related to compliance with and filings under other applicable laws, rules and regulations; and (xx) all other expenses incurred by the general partner or any sponsor affiliates in connection with organizing any subsidiary, operating the Fund, its subsidiaries or investments, or performing the duties of the general partner under the partnership agreement, other than “overhead expenses”, including, without limitation, filing fees, registered office fees, fees and out of pocket expenses incurred to qualify and/or maintain any applicable subsidiary as a “real estate investment trust” within the meaning of the Internal Revenue Code, and any out of pocket expenses incurred in connection with complying with the applicable partnership agreement of the Fund and any provisions in side letters with investors (including the most favored nations provisions and any specialized information or reporting requirements).

Out-of-pocket expenses incurred by us or our affiliates in connection with the acquisition, holding or disposition of portfolio investments are or may be reimbursed by the project (or subsidiary), pursuant to relevant governing agreements. Out-of-pocket expenses incurred in evaluating potential investments that are ultimately not pursued (“dead deal costs”) generally are reimbursed and paid by the applicable Fund.

We or our affiliates (including, as applicable, Employee Vehicles) pay or bear our proportionate share of such dead deal costs indirectly as investors in the Funds (to the extent applicable). The Funds or subsidiaries may pay or reimburse expenses related to the provision of gifts or entertainment events to real estate professionals or other service providers that provide services that benefit such client or subsidiaries.

The foregoing list is not intended to be exhaustive and is qualified in its entirety by the applicable governing documents of each Fund. We may disclose certain information about the amount and nature of Fund and other client expenses in Fund financial statements, capital call notices and other investor communications. However, investors may not receive detailed information regarding specific expenses paid by a client or its subsidiaries.

The investment strategies we employ for the Funds generally do not involve the purchase or sale of publicly offered securities, and as such, do not typically entail expenses related to brokerage commissions. To the extent applicable, the Funds will be responsible for and pay any of their respective custodial fees and expenses. **See Item 12 below.**

The investment strategies we employ for the Funds may involve expenses paid by the Funds and their subsidiaries that are related to legal, tax, regulatory and other issues, as well as the costs of other service providers and intermediaries that may be involved in the purchase or divestment of investments.

OTHER EUROPEAN FUND FEES AND EXPENSES

In addition to the fees described above, the European Funds pay or are subject to a service fee to the Alternative Investment Fund Manager (“AIFM”) that has been engaged to ensure compliance with applicable EU laws and may reimburse the AIFM for expenses incurred on such European Fund’s behalf, consistent with the governing or management agreements. The European Funds generally will reimburse us and our affiliates for all investment related expenses (but not overhead expenses) incurred in relation to the European Funds, including without limitation (i) all reasonable costs and expenses related to the acquisition development management and disposition of investments whether or not any such transaction is successfully completed including reasonable legal, accounting and other expenses incurred in connection with the investments of the European Funds; (ii) all reasonable costs and expenses of financings and refinancing for the European Funds whether or not any such transaction is successfully completed; and (iii) all reasonable costs and expenses related to the identification and due diligence evaluation of potential investments whether or not any such transaction is approved or successfully completed. Consistent with governing documents, the European Funds pay or reimburse the salary and compensation of the Fund Controller, who is currently an employee of an affiliate of the European Funds. The European Funds also bear their pro rata or proportionate share of all costs and expenses incurred in connection with the maintenance and staffing of a Luxembourg office (which

will not be considered to be overhead expenses of us or our affiliates). Please refer to the applicable partnership agreement of each European Fund for detailed information regarding the costs, fees and expenses borne or paid by such European Fund.

SPV EXPENSES

The SPVs generally bear the fees and expenses set forth in the applicable governing documents, or as otherwise agreed to in agreements with the third-party investors in such SPV (including some, most or all of the expenses described above with respect to the US Funds). Such expenses may include development fees, property management fees, construction management fees, real estate and leasing fees, and general construction and contracting fees, as discussed above, paid to us or our affiliates, or to SPV investors, as well as costs incurred pursuant to affiliated borrowing arrangements, as described in **Item 10** below. The SPVs generally only pay dead deal costs related to specific projects in which such SPV is invested or expected to invest, but do not pay general pursuit costs or dead deal expenses for other potential investments. The SPVs or underlying investment projects may pay or reimburse expenses related to the provision of gifts or entertainment events to real estate professionals or other service providers that provide services that benefit such investment project.

EMPLOYEE VEHICLE EXPENSES

Each Employee Vehicle bears (or reimburses us and our affiliates for) the costs and expenses set forth or described in applicable governing documents. Among other things, an Employee Vehicle generally will bear its own organizational expenses and all other costs and expenses incurred in connection with the management, operations and activities of, and investments by, such Employee Vehicle (including, without limitation, any capital contributions or other payments required to be made by the Employee Vehicle to an investment entity, any payments required to be made by the Employee Vehicle under any cost sharing agreement or cost reimbursement agreements with us or our affiliates, any payments to be made with respect to indebtedness of such Employee Vehicle, any fees of professional service providers or consultants, an allocation of overhead charges from the managing member to the Employee Vehicle or any of its or our affiliates, any amounts payable by, or allocated to, such Employee Vehicle under any bonus plans maintained by our affiliates for the benefit of employees). In certain situations, an Employee Vehicle may enter into cost sharing agreement, letter agreement or other form of cost reimbursement arrangement with our affiliate to share various costs and expenses (if related to a project, generally before an applicable subsidiary entity has acquired the applicable project site for such project), which arrangement will obligate such Employee Vehicle to pay its allocable share of such costs and expenses and, if related to a project, will generally recognize such Employee Vehicle's contractual rights to participate in such project and share in its portion (as reasonably determined by our affiliates) or any "net income" derived from transaction services fees, property management fees, asset management fees, and other fees derived by our affiliates from such project. Employee Vehicles generally will be subject to their allocable or pro rata share of the expenses and costs incurred and borne by any investment entities in which it directly or indirectly invests. Each Employee Vehicle or underlying investment projects may pay or reimburse expenses related to the provision of gifts or entertainment events to real estate professionals or other service providers that provide services that benefit such investment project. Investors may be required to contribute or pay additional amounts to the Employee Vehicles from time to time to pay for or fund any costs and expenses of such Employee Vehicles. For the avoidance of doubt, Employee Vehicles will indirectly bear their allocable share of any expenses, costs and fees borne or paid or incurred by any vehicles, ventures and entities in which they directly or indirectly invest.

EXPENSE ALLOCATIONS

We have a conflict of interest in allocating certain costs and expenses. Certain third-party costs are incurred for the benefit of the Funds and/or their subsidiaries, other clients or vehicles or ventures managed or sponsored by us or our affiliates, us and any of their respective affiliates. Determining or estimating (or making decisions regarding) the applicable parties' allocable or pro rata share of such expenses and costs, or otherwise allocating such costs and expenses, requires the judgment of, and is subject to the discretion of, us and our affiliates and there can be no assurance that the Funds and their subsidiaries or investments will not directly or indirectly bear or be subject to a disproportionate share or portion of such expenses and costs (or that we or our affiliates may directly or indirectly bear or be subject to less than their allocable share of such costs). We are authorized and empowered to make determinations with respect to the allocation of expenses, and such determinations generally will be determined by us in our sole discretion and be final and binding on the Funds and their subsidiaries. The Funds and their investments will thus be reliant upon or subject to the determinations and judgments of us with respect to the allocation of expenses, and we will act in good faith in making such determinations.

We, our affiliates and our respective personnel can be expected to receive certain intangible or other benefits or advantages arising or resulting from their activities on behalf of or services provided with respect to the Funds and their investments, which will not be shared with or payable to or received by the Funds or their investors. For example, airline travel or hotel stays incurred as Fund expenses typically result in “miles” or “points” or credit in loyalty/status programs, and such benefits or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to us and our affiliates and their personnel (and not the Funds or their investors) even though the cost of the underlying service or activity is borne by or charged directly or indirectly to such Funds and investors.

Item 6: Performance-Based Fees and Side-By-Side Management

As noted under Item 5 above, we or an affiliate are entitled to receive performance-based compensation (in the form of incentive distributions) with respect to the US Funds, EU Projects, the European Funds and certain SPVs. The incentive distribution is effectively equivalent to a percentage of a Fund's net profits, subject to certain terms and conditions set forth in the governing documents of such Fund. Any share of Fund net profits paid to us or our affiliate is separate and distinct from any annual management fee (or any other fees) charged by us or any of our affiliates to the Funds. As a fiduciary, we recognize that we must treat all of our clients fairly and must refrain from favoring one client's interests over another client.

Incentive distributions could motivate or create an incentive for us and our affiliates to recommend investments and make investment decisions that are or may be riskier or more speculative than would be the case if only asset-based management fees were charged. For example, an incentive distribution generally entitles the general partner (or other affiliated entity) of each Fund to a percentage of the net profits of such Fund; however, the general partner is not required to bear the same proportion of the net losses, if any, suffered by a particular Fund. We attempt to mitigate conflicts of interest associated with an incentive distribution through: (i) the requirement that invested capital, a preferred return and expenses be returned to investors before the general partner is entitled to receive any incentive distributions; (ii) the requirement that each general partner and/or its affiliates have a capital commitment to the applicable Fund; and (iii) the clawback obligation of each general partner upon liquidation of the applicable Fund.

In addition, in allocating investment opportunities, there could be potential incentives to favor a Fund with higher potential performance-based compensation over Funds with lower or no potential performance-based compensation. We are focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavor to resolve any material conflict with respect to investment opportunities in a manner that we deem equitable under the particular facts and circumstances, consistent with our fiduciary duties. Moreover, we generally allocate investment opportunities in accordance with the allocation policies, guidelines and procedures set forth in the applicable governing documents of each Fund. Pursuant to the governing documents of the Funds, certain types of investment opportunities, including "Excluded Opportunities" and other "Hillwood Permitted Activities", are not required to be allocated, presented, offered or made available to the Funds or any other clients, and such opportunities may be allocated or offered exclusively to, and made or acquired exclusively by, our affiliates and such persons designated by us. "Excluded Opportunities" and "Hillwood Permitted Activities" will not be allocated or offered to the Funds even if such opportunities would or could otherwise fit (or could otherwise be structured to fit) the investment parameters of the Funds. We have broad and absolute discretion in determining whether a particular investment opportunity falls within the definitions of Excluded Opportunities or Hillwood Permitted Activities, and any such determination is subjective and involves actual and potential conflicts of interest. We may be incentivized to classify a particular opportunity as an Excluded Opportunity so that we and our affiliates can make or invest in such investment on our own balance sheets. We face various conflicts of interest in connection with the allocation of investment opportunities. For a summary of how investment opportunities are allocated with respect to the US Funds and the European Funds, *see* "Allocations of Investment Opportunities" in Item 11.

The method of calculating the incentive distribution may also result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions.

Certain of our individual supervised persons and/or affiliates may be compensated to some extent based upon real estate acquisitions or sales and investment profits for which they are responsible and, accordingly, may face the same potential conflicts as described above.

Item 7: Types of Clients

We currently only provide and/or perform Investment Advisory Services with respect to certain affiliated pooled investment vehicles and special purpose vehicles (the Funds, Employee Vehicles and SPVs) that invest directly or indirectly in real estate and real estate related investments. Notwithstanding the foregoing, we may provide and/or perform Investment Advisory Services with respect to other clients from time to time in the future.

Each investor in a Fund must satisfy the eligibility requirements outlined in the applicable governing documents or otherwise required by applicable laws. Investments in the Funds may also be subject to minimum initial investment amounts per investor, which generally may be waived. With respect to the Employee Vehicles, each investor generally is required to be a “knowledgeable employee” within the meaning of Rule 3c-5 of the Investment Company Act of 1940, as amended.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

US Funds

The US Funds' primary investment objective is to generate both capital appreciation and operating cash flow on a value-add basis by acquiring, improving, developing, leasing, maintaining, owning, operating and managing portfolio investments in the industrial sector in the United States and Canada. The US Funds utilize one or more special purpose vehicles as subsidiaries to make and hold investments, including, without limitation, real estate investment trusts ("REITs"), limited liability companies, partnerships or other types of entities.

In analyzing potential investments, market research is performed through a combination of third party written materials, broker discussions and first-hand knowledge of personnel assigned to or familiar with the markets/transactions being evaluated. Once a potential investment is identified, asset specific research includes review of due diligence provided by the owners of the property/portfolio, analyses provided by any required third-party consultants (*i.e.*, engineers, environmental, survey, title and others, as required), asset inspections and market tours.

Decisions regarding acquisition and/or disposition of investments are made based on consideration of expected risk-adjusted returns. When making investment decisions, we consider, among other things, suitability of the investment for the applicable US Fund, various underwriting criteria related to the asset (*e.g.*, in place and expected rents and occupancy), expected costs to lease the asset (including tenant improvement costs, brokerage commissions and capital improvements) and the current and anticipated market "capitalization rate" expected for the asset. Ultimately the expected gross profitability of an investment is measured using equity multiples and internal rate of return. Asset management decisions (*e.g.*, lease negotiations, capital improvements, etc.) are made in the context of maintaining or increasing the value of an asset.

Investment risks are analyzed by the transaction team through consideration of qualitative and quantitative analyses and the use of third party consultants.

The general partner of the general partner of each US Fund has formed two internal committees, an "investment committee" and an "operating committee" to assist the general partner, us and our affiliates in carrying out their duties under the applicable governing agreements and to approve various other matters and transactions. In general, the unanimous consent of the "investment committee" is required with respect to the acquisition and disposition of any portfolio investments and the consent of a majority of the "operating committee" is required with respect to various other matters relating to each US Fund.

European Funds

The primary investment objective of the European Funds is to generate both capital appreciation and operating cash flow on a value-add basis by indirectly acquiring, improving, developing, leasing, maintaining, owning, operating and managing industrial real estate properties and assets located in Europe. Each of Europe Fund I, EU Club II and EU Club III focuses on acquiring industrial real estate properties and assets located in Poland and Germany, and EU Club UK and UK Club II focus on acquiring industrial real estate properties and assets located in the United Kingdom, but any of the European Funds may make investments in other countries in Europe with the consent of a supermajority of the advisory board of the applicable European Fund. EU Club IV focuses on acquiring industrial real estate properties and assets located in Poland, Germany and the United Kingdom, and in other countries in Europe that are approved by the advisory board of EU Club IV. The European Funds will only acquire "mandate investments" located in Europe that target the minimum gross leveraged returns set forth in the applicable governing documents and offering memorandum. The European Funds generally utilize one or more special purpose vehicles as subsidiaries to make and hold investments, including, without limitation, partnerships, companies, joint ventures and other types of entities. The European Funds may engage partners in joint ventures to provide services with respect to investments.

Each European Fund's dedicated alternative investment fund manager (the "AIFM") generally will be responsible for, among other things, the investment management of the assets of that European Fund (including portfolio and/or risk management with respect to such assets). Pursuant to the terms of the investment advisory agreement between the AIFM and us, we generally are responsible for advising the AIFM in relation to the management of the European Funds. Our services will include, without limitation, proposing allocation of each European Fund's assets in different target investments, monitoring of the target investments, advising in respect of liquidity and cash management,

advising in respect of borrowings and coordination of the overall investment process. The AIFM generally will act in accordance with or based on our investment advice and recommendations. The general partner of each European Fund, which is ultimately controlled by us, has a veto right over all investment and divestment decisions to be taken by the AIFM.

The AIFM has established and maintains a dedicated risk management function that implements effective risk management policies and procedures in order to identify, measure, manage and monitor on an ongoing basis all risks relevant to the investment objectives of the European Funds, including market, credit, liquidity, counterparty, operational and all other relevant risks. The AIFM is responsible for applying a comprehensive process based upon qualitative and quantitative risk measures to assess the risks of the European Funds. The AIFM also employs appropriate liquidity management methods and adopts procedures which enable it to monitor the liquidity risk of the European Funds, which include the use of stress tests under both normal and exceptional liquidity conditions. The AIFM is responsible for ensuring that the investment and financing strategy, the liquidity profile, the distribution policy and the redemption policy are consistent with liquidity needs.

With respect to the European Funds, we have established two internal committees, an “investment committee” and an “operating committee”, to assist us in carrying out our duties with respect to the European Funds. In general, the unanimous consent of the investment committee is required with respect to any recommendation that the European Funds acquire, sell or exchange a mandate investment (among other things) and the consent of a majority of the operating committee is required with respect to various other matters relating to the European Funds.

EU Projects

One of our affiliates established the EU Projects as pooled investment vehicles to indirectly acquire direct or indirect interests in one or more European Funds and certain other direct or indirect real estate related interests and assets.

Employee Vehicles

As disclosed herein, the Employee Vehicles are pooled investment vehicles established by an affiliate to facilitate indirect investments in various real estate projects, investment entities, ventures and funds by certain of our officers and personnel. Employee Funds typically will acquire interests in various investment entities and real estate projects managed or controlled by us or our affiliates (including indirect investments in one or more of the Funds and/or other clients).

SPVs

Each of the SPVs is a private pooled investment vehicle established to invest, indirectly through one or more limited partnerships, limited liability companies or other entities, in a specific real estate property or asset (or group of related real estate properties and/or assets). As noted herein, we do not provide continuous and regular supervisory or management services with respect to such SPVs.

* * * *

The investment strategies summarized above are not intended to be comprehensive. In addition to the Funds, Employee Vehicles and the SPVs, we, our affiliates and/or certain of our affiliates may perform and/or provide Investment Advisory Services and other services with respect to one or more new or additional clients in the future. For more information regarding our investment strategies, please contact us.

CERTAIN RISK FACTORS

There can be no assurance that the Funds or other clients will achieve their respective investment objectives or that investments in the Funds or other clients will be profitable. The Funds’ and other clients’ investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that the Funds’ and other clients’ investment strategies are low risk or risk free. The Funds’ and other clients’ investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with the Funds’ and other clients’ investment strategies and processes. All or a subset of the risk factors set forth below apply or may apply with respect to the EU Projects, any Employee Vehicle, an SPV and their investment(s).

General Market, Regulatory, Economic and Other Risks

General Economic Conditions. Our clients may be materially affected by market, economic, political and social conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates, inflation risk, supply chain disruptions, sanctions, and trade barriers. These factors are outside our control and could adversely affect the liquidity and value of client investments, and may reduce the ability of clients to make attractive new investments or extend the time for clients to be able to acquire or dispose of investments objectives. The recent conflict between Ukraine and Russia, and the sanctions recently adopted by the United States, the European Union and other countries presents significant economic, market and other risks.

Market Risks. The capital markets have experienced great volatility and financial turmoil, including, without limitation, following the COVID-19 outbreak and the recent outbreak of hostilities between Russia and Ukraine. Moreover, governmental measures undertaken in response to such turmoil and volatility (whether regulatory or financial in nature – including sanctions) may have a negative effect on market conditions. General fluctuations in the market prices of investments and economic conditions generally may reduce the availability of attractive investment opportunities for clients and may affect our ability to make investments. Instability or volatility in the markets and economic conditions generally (including during periods of high inflation, a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in client investments and could have a negative impact on the performance and/or valuation of the investments. Client performance can be affected by deterioration in the capital markets and by market events. Volatility and illiquidity in the financial asset class may have an adverse effect on the ability of clients to sell and/or partially dispose of their investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices we believe reflect the fair value of such investments. The impact of market and other economic events may also affect our ability to raise funding to support client investment objective.

A client's strategy in some investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase by such client at prices that we consider favorable. Further, a client's strategy may rely, in part, upon local market recoveries from a market dislocation event (e.g. COVID-19 or Russia-Ukraine conflict) for which we forecast a correction during the life of such client. No assurance can be given that real estate businesses and assets can be acquired at favorable prices or that the market for such assets will recover or continue to improve, if applicable, as anticipated by us, since this will depend, in part, upon events and factors outside our control. In addition, there can be no assurance that current market conditions may not deteriorate during the life of a Fund or client, which could have a material adverse effect on the assets of such Fund or client. 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.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. The outbreak of coronavirus disease 2019 ("COVID-19") began in December 2019. On 30 January 2020, the World Health Organization declared the outbreak of COVID-19 to be a Public Health Emergency of International Concern and, on 11 March 2020, described the outbreak as a pandemic. A large number of cases of COVID-19 have been recorded world-wide and continue to grow in number.

Although it is not possible to predict the full consequences of COVID-19, the pandemic has had a material impact on the global economy and is likely to continue to have a material impact. Historically, widespread outbreaks of communicable diseases have affected investment sentiment and caused sporadic volatility in global markets. Such effects will be unevenly distributed across sectors, businesses, and national economies, depending upon, amongst other things, the global distribution of detected cases of COVID-19. Most large economies have imposed quarantines or lockdowns to limit the spread of COVID-19. Such lockdowns have resulted in large disruptions for the consumer sector generally, as well as substantially reducing international, and in some cases local, travel. Whilst certain sectors, including airlines, manufacturing, retail and tourism currently appear to be worst affected, most other sectors have also been impacted.

The financial impact of COVID-19 on businesses which operate, or are reliant upon suppliers or customers, in affected areas has been widely reported. Affected businesses may encounter a range of financial consequences. Prospective Investors should particularly be aware of supply-chain disruption. It is anticipated that as a result of the impact of COVID-19 on supply-chains, manufacturing output levels are likely to be depressed. As regions around the globe

continue to be quarantined, and the flow of goods in and out of such regions is restricted, a shortage of materials and components being distributed from these areas may be created. As a result, companies who rely on international supply networks may be unable to meet consumer demand for their products. This means that, in the short-term, productivity and profit levels could be reduced. In particular, firms may encounter considerable delays in their manufacturing timelines.

In addition, solvency concerns can be exacerbated if the situation results in working capital lines being blocked, financial covenants being breached, events of default occurring and/or the triggering of termination payments or other contingent liabilities for non-performance. Any slow-down in business activity may negatively impact liquidity.

Such negative changes in the global financial markets, or the national or regional economies in which any of a Fund's investments do business, may therefore in turn have a material adverse effect on the business of the Fund or the business of any of its investments.

The World Health Organization or regional or national authorities may recommend or impose further measures that could cause significant interruption to the business operations of the Funds or any of their investments. For example, if an employee is suspected of having contracted a contagious disease, their employer may be required to apply quarantines or suspend operations. Such measures may impact on the commerciality of a transaction, the ease with which transactions may be executed, or the general costs otherwise incurred by a Fund or the business of any of its investments. Travel restrictions, for example, may prevent physical meetings and on-site visits from taking place.

The full scope of the COVID-19 outbreak, its duration, intensity and consequences are uncertain and any further resultant economic slowdown and/or negative business sentiment across markets may have a negative and long-lasting impact on the business operations and financial condition of us, our affiliates, the Funds and the investments themselves.

Terrorist Attacks, War and Natural Disasters. Terrorist attacks and the threat of terrorist attacks, whether domestic or foreign, military or other actions taken in response to such actions, and natural disasters (including outbreaks of disease, pandemics, epidemics and other public health issues) may cause instability in the global financial and energy markets. Terrorism, the wars in the middle east and other oil and natural gas producing regions, political instability in Northern Africa, Eastern Europe and the Middle East, other sustained military campaigns, natural disasters, outbreaks of disease, pandemics, epidemics, and other public health issues could adversely affect the Funds and the market price of oil and natural gas in unpredictable ways, or the possibility that the infrastructure on which the operators developing mineral properties rely could be a direct target or an indirect casualty of an act of terror or natural disaster.

In February 2022, armed conflict escalated between Russia and Ukraine and Russia invaded Ukraine. In response to Russia's invasion of Ukraine, the United States, the European Union and various other countries have announced, and continue to announce and expand, sanctions against or targeting Russia and various important Russian people and companies. These sanctions currently include, among others, restrictions or bans on selling or importing goods, services or technology in or from Russia, bans on Russian energy imports, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The U.S. and other countries could impose wider or more significant sanctions and take other actions against Russia or its interests should the conflict further escalate or deteriorate. The Ukraine-Russian conflict has led to, and may continue to lead to, significant political, geopolitical, economic and market turmoil and volatility, including dramatic increases in oil and gas prices and further supply chain disruptions. It is not possible to predict the broader consequences of this conflict or the sanctions imposed or applied as a result thereof, which could include further sanctions, embargoes, regional instability, geopolitical shifts, conflicts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact any client's or any investment's business, financial condition and results of operations.

Geopolitical Risks. An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gasoline and could affect certain investments financial results. Further, the United States government has issued public warnings indicating that energy assets might be specific targets of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, such investments may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default with respect to particular investments of the

Funds, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on a Fund's returns and ability to make new investments. No assurance can be given as to the effect of these events on the value of or markets for investments.

Governmental Intervention. In 2008, the global financial markets underwent disruptions that led to certain governmental intervention. The coronavirus (COVID-19) global pandemic has also led to substantial governmental intervention (both in the United States and abroad). Such intervention, in certain cases, was or is being implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions were or are typically unclear in scope and application, resulting in confusion and uncertainty which in itself can be materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. If governmental intervention programs are unwound, there could likewise be uncertainty and adverse effects on the markets. In the case of any future market disruptions, it is impossible to predict what interim or permanent governmental restrictions (or easing of restrictions) may be imposed on the markets or the effect of such restrictions on the Funds' investment strategies.

Inflation. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. For example, if an investment or property is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Properties and investments may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, an investment may earn more revenue but may incur higher expenses. As inflation declines, an investment or property may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy (including, without limitation, by increasing interest rates). Governmental efforts to curb inflation often have negative effects on the level of economic activity. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the returns generated by clients, investments and investors. If inflation were to rise at rates higher than those anticipated in underwriting of a client's investments, the effective rate of return on such investments may be reduced. For example, there could be instances where rents and other revenues related to such investments may be fixed by contract for meaningful periods of time whereas related expenses may not be. As a result, an unexpected risk in the rate of inflation could have a material and adverse impact on clients and their investments.

Privacy, Data Protection and Information Security Compliance Risk. Compliance with current and future (i) privacy, data protection and information security laws and (ii) league rules regarding the use and disclosure of confidential information could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and any Fund's or client's current and planned business activities and as such could increase costs for such clients or funds or their or our ability to disclose certain investment information to its investors. A failure to comply with such laws, regulations and league rules could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of our clients, as well as have an impact on a client's ability to make future investments.

Properties and investments in which our clients invest are or may be subject to laws and regulations related to privacy, data protection and information security in the jurisdictions in which they operate or do business. As privacy, data protection and information security laws and regulations are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

California has passed the California Consumer Privacy Act of 2018 (the "CCPA"). The CCPA generally applies to businesses that collect personal information about California consumers, and either meet certain thresholds with respect to revenue or buying and/or selling consumers' personal information. The CCPA imposes stringent legal and operational obligations on such businesses as well as certain affiliated entities that share common branding. The CCPA is enforceable by the California Attorney General. Additionally, if unauthorized access, theft or disclosure of a consumer's personal information occurs, and the business did not maintain reasonable security practices, consumers could file a civil action (including a class action) without having to prove actual damages. Statutory damages range

from \$100 to \$750 per consumer per incident, or actual damages, whichever is greater. The Attorney General also may impose civil penalties ranging from \$2,500 to \$7,500 per violation.

The European Union (the "EU") data protection law currently in effect is in the form of the General Data Protection Regulation (EU 2016/679) (the "GDPR"), which took direct effect across the EU member states on May 25, 2018. The GDPR seeks to harmonize national data protection laws across the EU, while at the same time, modernizing the law to address new technological developments. The GDPR notably has a greater extra-territorial reach than pre-existing legislation and has a significant impact on data controllers and data processors (i) with an establishment in the EU, (ii) which offer goods or services to EU data subjects or (iii) which monitor EU data subjects' behavior within the EU. The GDPR imposes more stringent operational requirements on both data controllers and data processors and introduces significant penalties for non-compliance, with fines of up to 4% of total annual worldwide revenue or €20 million (whichever is higher), depending on the type and severity of the breach.

Other jurisdictions, including other U.S. states, have proposed or are considering similar privacy laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such privacy laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs and operational and legal burdens on regulated entities. Further, compliance with current and future privacy laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of our current and planned business activities. Any such privacy law could materially and adversely affect the results of operations and overall business of our clients and/or their investments, as well as have a negative impact on their respective performance.

Proposed Private Fund Adviser Rules. On February 9, 2022, the SEC proposed new rules and rule amendments under the US Advisers Act that could significantly impact and effect private fund advisers, including those registered with the SEC and those exempt from registration (the "**Proposed Private Fund Adviser Rules**"). The Proposed Private Fund Adviser Rules generally provide for (i) increased transparency with respect to fee and expense disclosure and financial performance disclosures, (ii) mandatory annual audits of private funds and guidance on reporting standards and record-keeping requirements, (iii) new requirements with respect to certain adviser-led secondary transactions, including requirements to obtain third-party fairness opinions in connection with such transactions, and (iv) prohibitions and restrictions on certain practices and activities of private fund advisers with respect to private funds managed thereby, including, but not limited to, exculpation, standard of care and indemnification provisions relating to private fund advisers, charging fees or expenses related to a portfolio investment on a non-pro rata basis, borrowing from a private fund and certain types of preferential treatment of particular investors. It is anticipated that the Proposed Private Fund Adviser Rules will be subject to substantial public and industry comment. Accordingly, it is not clear whether or not any or all of the proposed new rules will ultimately be adopted by the SEC or materially changed from their current form. If adopted, however, the Proposed Private Fund Adviser Rules could significantly increase the costs of compliance for private funds and private fund advisers, including us and our clients, and require significant amendments and revisions to the governing documents of clients, including, without limitation, the governing documents of clients.

Cybersecurity Risks. The Funds, us, our affiliates and our service providers depend on various applicable information technology systems and, notwithstanding the diligence that we may perform on our or any client's service providers, we may not be in a position to verify the risks or reliability of such information technology systems. The Funds, us, our affiliates and their service providers will be subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. We and our clients and their information and technology systems will be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we or a client may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners, officers and control persons of investors). Such a failure could harm the our reputation, subject any client and their affiliates to legal claims and otherwise affect their

business and financial performance. Such damage or interruptions to information technology systems may cause losses to a client or individual investors by interfering with the operations of us and our affiliates. A client or any direct or indirect investment may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of us, our clients and their affiliates to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and a client may be required to indemnify us and our affiliates against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other applicable regulatory authorities.

General Property and Investment Risks

General Investment Risks. All investments risk the loss of capital. No guarantee or representation is made that our Investment Advisory Services will be successful or profitable. Real estate investments are subject to various specific risks, many of which are beyond our control, such as adverse changes in international, national or local economic and demographic conditions; local conditions (such as an oversupply of space or a reduction in demand for space); the quality and philosophy of management; competition based on rental rates; adverse changes in financial conditions of tenants, buyers and sellers of properties; quality of maintenance, insurance and management services; reduction or change in sources of debt or equity financing, including changes in interest rates; increases in real estate taxes and operating expenses, including energy prices; changes in law, regulations and governmental policies, including environmental laws, health and safety laws, zoning laws and governmental fiscal policies; potential liability under changing environmental and other laws; changes in the relative marketability of properties; cyclical over-building in property sectors; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials; structural or property latent defects; natural and unnatural disasters; acts of terrorism and vandalism; uninsurable losses; condemnations and others. As a result, a Fund may be subject to claims and expenses in respect of an asset in excess of its investment in such asset, which could lead to losses.

Many of the foregoing factors could cause fluctuations in occupancy rates, rent schedules or operating expenses, causing a negative effect on the value of properties and returns derived from real estate investments. Valuation of properties are generally a matter of an independent appraiser's opinion, and may fluctuate up or down over time. Accordingly, the capital value of a real estate investment may be significantly diminished in the event of a sudden downward turn in the market value of properties owned by a Fund or the occurrence of any of the factors set forth above.

Industrial Real Estate Risks. Funds and other clients typically invest in industrial properties, assets and investments. Significant factors impacting the value of industrial properties include, among other things, the quality of tenants, a change in demand for industrial space because of a decline in a particular industry segment, property becoming functionally obsolete, building design and adaptability, changes in access, energy prices, strikes, changes in proximity of supply sources, the expenses of converting a previously adapted space to general use, and the location of the property (including the availability of labor sources, proximity to supply sources and customers and accessibility to rail lines, major roadways, ports and other distribution channels). Concerns about the quality of tenants, particularly major tenants, are similar in both office properties and industrial properties, although industrial properties may be more frequently dependent on a single or a few tenants. Lease terms with respect to industrial properties may result in a substantial percentage of leases expiring in the same year at any particular industrial property. In addition, properties used for many industrial purposes are generally more prone to environmental concerns than other property types.

Future Investments Unspecified. A Fund's investments generally are not identified in advance. Investors, therefore, are relying on the ability of us and our affiliates with respect to the investments to be made using the proceeds of the offering of interests in such Fund. Limited partners generally will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding investments by a Fund. No assurance can be given that any Fund will be successful in obtaining suitable investments or that, if the investments are made, the objectives of such Fund will be achieved.

Adverse Economic Conditions in Geographic Markets. The economic performance of the Funds' properties could be affected by changes in local economic conditions. The performance of each Fund is therefore linked to economic conditions in areas where such Fund acquires properties and in the real estate market generally. Therefore, to the extent that there are adverse economic conditions in an area and in the real estate market generally that impact the

market, such conditions could result in a reduction of income and adversely affect the investment results of the applicable Fund.

Expiration or Lack of Credit Enhancements. A lease may have credit enhancement provisions, such as guarantees or shortfall reserves provided by a third-party tenant or operator. These credit enhancement provisions may terminate at either a specific time during the lease term or once net operating income of the property exceeds a specified amount. These provisions also may have limits on the overall amount of the credit enhancement. After the termination of a credit enhancement, or if the maximum limit of a credit enhancement is reached, the applicable Fund or underlying real estate investments may look only to the tenant to make lease payments. If a credit enhancement has expired or the maximum limit has been reached, or if a provider of a credit enhancement is unable to meet its obligations, results of operations could be directly or indirectly adversely affected if such properties are unable to generate sufficient funds from operations to meet minimum rent payments and the tenants do not otherwise have the resources to make the rent payments. In addition, some leases may not have any credit enhancements, so that the applicable Fund may look only to the tenant to make lease payments during the entire term of the lease.

Restrictive Covenants. In connection with obtaining certain financing, a lender may impose certain restrictions on a Fund which may affect its ability to incur debt and, thus, adversely affect the investment results of such Fund. Loan documents that a Fund enters into may contain negative covenants that limit its ability to further mortgage the property or impose other limitations.

Failure to Make Debt Payments. Loans obtained to fund property acquisitions generally are secured by first mortgages on such properties. If a Fund is unable to make its debt service payments as required, a lender could foreclose on the property or properties securing such debt. This could cause such Fund to lose part or all of its investment. Certain of a Fund's future indebtedness may be cross-collateralized. Consequently, a default on this indebtedness could cause such Fund to lose part or all of its investment in multiple properties.

Lack of Control over Entities in Which the Funds Invest. On occasion, we may recommend investments in an entity that either Fund will not control. As a result, in these situations, the Funds may not be able to control the decisions made by such entities. The entities holding investments may therefore make decisions that could be adverse to the applicable Fund. Such investments may also have potential risks of impasse on major decisions, such as sales or mergers, because the applicable Fund would not have full control over the partnership, limited liability company or other entity. In addition, any investment in an entity with co-owners may, under certain circumstances, involve risks not present were a co-owner not involved, including the possibility that partners or other co-owners might become bankrupt or fail to fund their share of required capital contributions. Partners or other co-owners may have economic or other business interests or goals that are inconsistent with the applicable Fund's business interests or goals, and may be in a position to take actions contrary to the applicable Fund's policies or objectives. Disputes between a Fund and its partners or other co-owners may result in litigation or arbitration that would increase expenses and prevent such Fund from focusing its time and effort on its business. Consequently, actions by or disputes with partners or other co-owners might result in subjecting facilities to additional risk. The occurrence of any of the foregoing events could have a material adverse effect on a Fund's results of operations and may adversely affect its investment results.

Competition. We compete for investment and development opportunities with the following persons (among others):

- private investors;
- pension funds;
- insurance company investment accounts;
- real estate investment trusts;
- real estate partnerships;
- financial institutions; and
- local developers.

Many of these competitors have substantially greater financial and other resources than us and may have better relationships with developers and sellers. Additionally, these competitors may enjoy significant advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Moreover, the number of entities and the amount of funds competing for suitable investment properties may increase. However, increased competition from competitors may adversely affect our ability to recommend attractive investment opportunities, as well as the price for such investment opportunities.

There may be numerous other properties that compete with properties that we recommend to a Fund and that compete with such Fund for tenants. The number of competitive properties could have a material effect on such Fund's ability to rent space at their properties and the amount of rents charged. A Fund could be adversely affected if additional competitive properties are built in locations competitive with its properties, causing increased competition for customer traffic and creditworthy tenants. This could result in decreased cash flow from tenants and may require such Fund to make capital improvements to properties which it would not have otherwise made, thus affecting the investment results of such Fund.

Need for Additional Capital. Certain of a Fund's or client's properties, assets or investments may require additional financing, funding or investments than previously anticipated to satisfy or meet their working capital requirements, construction or development or operational strategies or endeavors or otherwise achieve their objectives. The amount of such additional financing or investment needed will depend upon the maturity, development stage, operational stage and objectives of the particular real estate investment. If the funds provided or invested are not sufficient, an investment may have to raise additional capital at a price unfavorable to the existing investors, including our clients. The availability of capital is generally a function of capital market conditions that are beyond the control of us, our clients or their investments. There can be no assurance that we or our investments will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. The failure of a client to make any such additional investments in a portfolio investment may result in a lost opportunity for such client to increase its participation in a successful investment or the dilution of such client's ownership in an investment.

Force Majeure Events. There is a risk that investments owned directly or indirectly by clients and other vehicles or ventures managed or advised by us will be impacted or affected or harmed by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures). There is a risk that some force majeure events will adversely affect the ability of a party (including an investment, a tenant of an investment, a customer of a tenant of an investment, a counterparty of an investment or a counterparty of client) to perform its obligations until it is able to remedy the force majeure event. Such a party could also claim force majeure for nonperformance of its contractual obligations. Certain force majeure events (such as an outbreak of an infectious disease (including the recent COVID-19 global pandemic)) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries or jurisdictions in which investments are located. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over an investment, could result in a loss to a client. Any of the foregoing would therefore adversely affect the performance of such clients or accounts managed or advised by us.

Construction Risks. We cause Funds and clients to invest directly or indirectly in existing or newly constructed properties. We also make or recommend investments in properties that are subject to completion of construction and development. If a Fund acquires a property for development or renovation, it may be subject to risks in connection with a developer's ability to control site development risks, construction costs and the timing of completion of construction or a developer's ability to build in conformity with plans, specifications and timetables. In addition, development and renovation plans could be affected by delays in obtaining any necessary permits or consents from appropriate governmental agencies, strikes, adverse weather, shortages of materials and increases in the cost of labor and materials. Although we typically recommend safeguards that are designed to minimize these risks, such as rights to require the tenant to purchase the property that is under development at a pre-established price designed to reimburse the applicable Fund for all acquisition and development costs, there can be no assurance that the tenants will have sufficient funds to fulfill their obligations under these agreements. The builder's failure to perform may result in tenants terminating leases. These actions may increase the applicable Fund's costs or necessitate legal action by it to rescind the purchase of a property, to compel performance or to sue for damages. Any such legal action may result in increased costs to such Fund.

In addition, certain properties that we recommend are or may be subject to conservatory easements that prohibit the development of certain activities other than those specific activities already conducted on the property, and limit the ability to materially modify the existing layouts on the property.

We may recommend that a Fund (and/or its affiliates) enter into guaranteed maximum price contracts with developers for the development of new construction properties. Such contracts involve counterparty risk since developers may not perform their contractual obligations in accordance with the terms of such contracts. In addition, such contracts

may not be insured by surety bonds or guarantees, which would protect such entities in the event of loss or casualty. Without such protection, in the event of loss or casualty, such entities could lose their investments in such new construction properties.

As disclosed in this brochure, we cause certain Funds or clients to engage and retain one of our affiliates to serve as general contractor with respect to construction projects and pay construction management fees to such affiliate (as authorized and permitted pursuant to the applicable governing documents of such Funds and/or clients).

Real Estate Liquidation Risks. Real estate and real-estate related investments are illiquid. The Funds may not be able to readily dispose of real estate assets or have the ability to react quickly to changing investment circumstances due to market conditions that could affect the market price of properties, thereby adversely affecting the Funds. Furthermore, a Fund may not have the authority to cause an entity through which it has made an investment to sell or refinance a real estate property or to refrain from selling or refinancing a real estate property.

Market and Business Conditions. Changes in general or local economic or market conditions, state or local statutes, state or local taxation, litigation, increased energy costs, insurance costs, product costs and labor costs, competitive factors, fuel or labor shortages, quality of management, the ability of a chain or franchisor(s) to fulfill any obligations to operators of its businesses, limited alternative uses for a building, changing consumer habits, condemnation or uninsured losses, changing demographics, changing traffic patterns, inability to remodel outmoded buildings as required by the franchise or lease agreement, voluntary termination by a tenant of its obligations under a lease, bankruptcy of a tenant, and other factors beyond a Fund's or its underlying investment properties' control, may reduce the value of investments, the ability of tenants to pay rent on a timely basis, the amount of the rent and the ability of borrowers to make mortgage loan payments on time.

Additionally, properties securing mortgages that are owned by a Fund may decrease in value from the date when the mortgage loan was made and the creditworthiness of the mortgagee may decrease. Therefore, investment risk will increase due to decreasing market values.

Properties with Limited Operating History. Newly-developed or newly-renovated properties generally will not have any operating or performance histories that will allow us to make objective pricing recommendations in acquisitions. The purchase prices of these properties are oftentimes based upon projections by us as to the expected operating results of such properties, subjecting the Funds to risks that such properties may not achieve anticipated operating results or may not achieve these results within anticipated time frames.

Risks Related to Debt Investments. We may recommend investments in debt investments, including construction, participating and other real estate-related loans (collectively, "Debt Investments"). The value of the Debt Investments and the ability to realize full repayment on any Debt Investment may be adversely affected by all of the factors that affect an investment. In particular, certain important risks associated with Debt Investments include, among others: (a) dependency for repayment on successful operation of the underlying property and tenant businesses operating thereon; (b) the non-recourse nature of such loans with respect to the borrower; and (c) amortization schedules that are often longer than the stated maturity and provide for balloon payments at stated maturity rather than periodic principal payments.

Debt Investments are also subject to risks of borrower defaults, bankruptcies, fraud and special hazard losses that are not generally covered by standard hazard insurance. In the event of any default under mortgage loans held, directly or indirectly, by either of the Funds or any entity in which such Fund has an interest, the applicable Fund will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal amount of the mortgage loan and may not receive interest payments on such mortgage loan. Foreclosures of mortgage loan, bankruptcies affecting mortgage loan borrowers and other collateral realization processes will be expensive and lengthy processes that could have a substantial negative effect on a Fund's anticipated return on investment.

Payments from Tenants. The success of our investment recommendations depends on rent payments from property tenants to generate returns and cash for the Funds. The Funds generally have no control over the success or failure of their tenants' businesses. Significant adverse changes in the operations of any facility, or the financial condition of any tenant, could have a material adverse effect on a Fund's ability to collect rent payments and, accordingly, on the investment results of such Fund. Failure on the part of a tenant to comply materially with the terms of a lease could give a Fund the right to terminate the lease with that tenant, repossess the applicable facility and enforce the payment obligations under the lease. However, such Fund then would be required to find another tenant. If a Fund is unable to re-let the properties, then it may be forced to sell the properties at a loss due to the repositioning expenses likely to be incurred by the purchasers. Moreover, the bankruptcy of any of a Fund's tenants could delay its efforts to collect past

due balances under its leases, and could ultimately preclude collection of amounts due to such Fund. The occurrence of any of the foregoing events may adversely affect the timing of and the investment results of the Funds.

Volatility of Property Income. The volatility of net operating income for a property is influenced by matters such as the length of tenant leases, the creditworthiness of tenants, the level of tenant defaults, the ability to convert an unsuccessful property to an alternative use, new construction in the same market as the mortgaged property, rent control laws or other laws impacting operating costs, the number and diversity of tenants, the availability of trained labor necessary for tenant operations, property management decisions, property location and condition, competition from comparable types of properties, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest, civil disturbances, the rate at which new rentals occur, the property's operating leverage (which is the percentage of total property expenses in relation to revenue), the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants. A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources (such as short-term or month-to-month leases) and may lead to higher rates of delinquency or defaults under mortgage loans secured by such properties.

Inability to Sell Property. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our and/or the Funds' control. We cannot predict whether a Fund will be able to sell any property for the price or on the terms set by them, or whether any price or other terms offered by a prospective purchaser will be acceptable to them. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. A Fund may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot guarantee that a Fund will have funds available to correct such defects or to make such improvements.

Lease Terminations. The Funds are subject to the normal risks associated with leasing property, including the risk that upon the expiration of leases for space located in the properties, the leases may not be renewed, the space may not be re-let or the terms of renewal or leasing (including any cost of required renovations or concessions to tenants) may be less favorable than current lease terms. If we are unable promptly to re-let a space or renew leases for a significant portion of a property's space or if the rental rates upon renewal or re-letting are significantly lower than expected rates, then the applicable Funds' earnings may be adversely affected. Vacancies may not be able to be filled in a timely manner or on acceptable contract terms.

Special Purpose Properties. Certain properties that we recommend or acquire on behalf of the Funds may not be readily adaptable to other uses such as general residential, retail or office use. Therefore, if a property becomes unprofitable for its operator due to competition, age or improvements or other factors such that the tenant becomes unable to meet its obligations under the lease, the liquidation value of the property may be substantially less than if the property were readily adaptable to other uses. The receipt of liquidation proceeds could be delayed by the approval process of any state agency necessary for the transfer of the property.

Environmental Risks. Under various federal and state environmental laws and regulations, owners and operators of real estate may be required to investigate and clean up certain hazardous or toxic substances, asbestos-containing materials or petroleum products released on real estate properties. These laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic substances. The presence of contamination or the failure to remediate contaminations at any such properties may adversely affect a Fund's ability to sell or lease the properties or to borrow using the properties as collateral. Furthermore, a person that arranges for the disposal or transports for disposal or treatment a hazardous substance at a property owned by another may be liable for the costs of removal or remediation of hazardous substances released into the environment at that property. The costs of remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to promptly remediate such substances, may adversely affect a Fund's ability to sell such real estate or to borrow using such real estate as collateral.

Environmental liabilities that may be incurred, directly or indirectly, could have an adverse effect on a Fund's financial condition or results of operations and thereby adversely affect its investment results.

We typically expect to recommend that a Fund obtain Phase I environmental assessments on all of properties prior to acquisition. Phase I environmental assessments are intended to identify potential environmental contamination for which properties may be responsible. Phase I environmental assessments include historical reviews of the properties, reviews of certain public records, preliminary investigations of the sites and surrounding properties, screening for the presence of hazardous substances, toxic substances and underground storage tanks, and the preparation and issuance of a written report. Phase I environmental assessments do not include invasive procedures, such as soil sampling or ground water analysis. Thus, these environmental assessments may not reveal all environmental liabilities and there may be material environmental liabilities of which neither we nor the applicable Fund was aware.

Capital Expenditures for Property Renovation. Properties, particularly those that consist of older structures, have an ongoing need for renovations and other capital improvements, including periodic replacement of furniture, fixtures, and equipment. Under the terms of certain of leases, a Fund may be obligated to pay the cost of expenditures for items that are necessary for the continued operation of its properties and that are classified under generally accepted accounting principles as capital items. If these capital expenditures exceed estimates, the additional costs could have an adverse effect on such Fund. In addition, we may recommend investments in properties that require significant renovations. Renovation of properties involves certain risks, including the possibility of environmental problems, construction cost overruns and delays, uncertainties as to market demand or deterioration in market demand after commencement of renovation and the emergence of unanticipated competition from properties.

Currency Risks. The investments of the Funds that are not denominated in the U.S. dollar will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Changes in the rates of exchange between the U.S. dollar and other currencies will have an effect, which could be adverse, on the performance of the Funds and the amounts available for distribution by the Funds. In this regard, regulators and law-enforcement agencies from multiple governments have conducted investigations into whether several large global financial institutions may have been rigging or otherwise manipulating or attempting to manipulate foreign-currency exchange rates for their own benefit. If manipulation of foreign-currency exchange rates occurs in the future, it may result in such rates being artificially lower (or higher) than they would otherwise have been and, to the extent a Fund converts currencies at or based on such rates, it may result in such Fund overpaying for such conversion. Additionally, a particular foreign country may impose exchange controls, conversion costs, devalue its currency and/or take other measures relating to its currency which could adversely affect a Fund. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Finally, the Funds will incur costs in connection with conversions between various currencies. The Funds will conduct its foreign currency exchange transactions in anticipation of making investment commitments or receiving proceeds upon dispositions.

Exchange Rate Risks. The rates of exchange between currencies are determined by the forces of supply and demand in the foreign exchange markets. These rates are affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Volatility in the currency markets may result in a Fund's or client's investment portfolio incurring higher costs and may adversely impact the profitability and cash flows from operations of its investments, properties or assets. A potential primary effect would be an immediate reduction of liquidity in the affected countries, thereby potentially impairing the value of such investments or the ability of the Funds to make investments in such countries. Additional risks include: (i) economic dislocations in the host country, (ii) less publicly available information, (iii) less well-developed regulatory institutions, (iv) greater difficulty of enforcing legal rights, (v) civil disturbances, (vi) government instability, and (vii) nationalization and expropriation of assets or investments. Moreover, entities or vehicles or ventures in different jurisdictions may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements that are comparable to each other. We generally do not, and are not required to, enter into or engage in any hedging transactions designed or intended to reduce or mitigate currency risks or currency exchange risks.

Co-Investments with Third Parties. A Fund may co-invest from time to time through jointly owned acquisition vehicles, partnerships, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of such Fund or client. In such situations, a client's ability to control its equity investments will depend upon the nature of the joint investment arrangements with such third parties and such client's relative ownership stake in such investments. A Fund may be a minority investor in these circumstances. In addition, such arrangements may restrict a client's ability to dispose of such investments for potentially significant periods of time. Such co-investments may involve risks in connection with such third-party involvement, including the possibility that a third party co-investor may have financial difficulties, resulting in a

negative impact on the investment, may have economic or business interests or objectives (including with respect to the timing of sale) that are different than or conflict with those of such Fund or client, or may be in a position to take actions contrary to (or block actions which are consistent with) such client's investment objectives, which may result in negative consequences, including loss of capital. A Fund or client may be liable for certain actions of its co-venturers or co-investors. Co-investments may also involve higher costs than other investments. Co-venturers or co-investors potentially may include one or more investors in the Funds or us and our affiliates.

Bridge Financings. A Fund may make an investment with the intent of selling, refinancing or otherwise reducing it, including through co-investment by one or more investors or third parties, after the closing of such investment. Any such investment may include assets or properties that we may not have caused a Fund to acquire on a stand-alone basis, and we may seek to reduce the Fund's exposure to such assets through disposition, refinancing, co-investment or another transaction. In these situations, a Fund's strategy may depend, in part, upon its ability to sell, refinance or otherwise reduce its exposure to such investments after initially agreeing to consummate them. There can be no assurance in such instances that a Fund will be successful in doing so or that the terms of any such transaction will be attractive, including because there may not be sufficient interest in or for the assets or investors or third parties may not accept all or a portion of the amount offered for co-investment. If a Fund is unable to complete such an anticipated transaction, its investments may be less diversified than they otherwise would have been and the Fund may have greater exposure to certain investments, properties, types of properties, regions and sectors than intended or desired, including to assets that would not have acquired on a stand-alone basis. In addition, to the extent that a Fund is unable to complete an anticipated transaction, it may incur broken deal and related costs associated with the pursuit of such transaction, which generally would be borne by the Fund as fund expenses.

Generally, in the case of a Fund reducing an investment involving interim bridge financing (including through disposition or co-investment), such transaction will be completed at a price negotiated by us and the purchaser taking into account the then-relevant facts and circumstances, which may include the Fund's cost of such investment (and an allocable portion of costs and expenses) and other market events and forces. There can be no assurance that such transaction price will be equal to or more than the Fund's cost of such investment or that it necessarily or accurately reflects the then-market or fair value of such investment, all costs and expenses associated therewith, or any interest or other carrying cost that would typically be associated with such transaction. In addition, a Fund may face increased risk of inability to complete the transaction under certain market conditions, including when the investment or property has decreased in value while held by the Fund. A Fund will be required to bear the losses of such investment or property if such a transaction is not consummated or if the Fund is required to sell such portion of its investment at a reduced price to reduce the Fund's exposure to such investment.

Liabilities Upon Disposition of Investments. In connection with the disposition of certain types of investments or properties, a Fund may be required to make representations about the business and financial affairs of such investment typical of those made in connection with the sale of any business or property, or may be responsible for the contents of disclosure documents under applicable securities or other laws. A Fund may also be required to indemnify the purchaser of such investment to the extent that any such representations or disclosure documents are determined to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors to the extent that the investors have received prior distributions from the Fund, subject to certain limitations and restrictions in the governing documents and pursuant to applicable law.

Expedited Transactions. Investment analyses and decisions by us may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to us at the time an investment decision is made may be limited, and we may not have access to detailed information regarding the investment property. Therefore, no assurance can be given that we will have knowledge of all circumstances that may adversely affect such investment.

Hedging Risks. A Fund from time to time manages or attempts to manage its or any investment's currency exposures, interest rate exposures or other exposures or risks, using hedging techniques and instruments where available and appropriate. A Fund may incur costs related to such hedging instruments and arrangements, which may be undertaken or effect in or with exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options, derivative instruments and other types of instruments. There can be no assurance that adequate or acceptable hedging arrangements or instruments or techniques will be available on an economically or commercially viable basis or that such hedging arrangements or techniques will achieve the desired effect, and in some cases hedging instruments and arrangements may result in losses that are greater than if hedging instruments or techniques had not been used.

In some situations or circumstances, particularly in OTC contexts, hedging instruments or arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract or arrangement, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging arrangements. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging instruments or arrangements may create for us an obligation to register with the CFTC or other regulatory authority or comply with or qualify for one or more applicable exemptions or exclusions from such registration. Losses may result to the extent that the CFTC or another applicable regulatory authority imposes position limits or other regulatory or legal requirements on such hedging arrangements, including under circumstances where the ability of a Fund or an investment to hedge its expenses or risks becomes limited by such requirements. In particular, a Fund's ability to hedge may be constrained or limited by the requirements of CFTC Rule 4.13(a)(3) or another applicable exemption, which imposes certain limitations on an investment vehicle's ability to utilize commodity interests, including currency hedging strategies, if and to the extent we determine to rely on or qualify for the exemption from registration with the CFTC set forth in such rule.

There is no perfect hedge for any investment or risk or exposure, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. There can be no assurance that techniques used in hedging strategies will always be available, that a Fund will engage in these techniques when available, or that the hedging strategies will be successful in limiting any applicable risks.

Cash or Cash Equivalents. The Funds hold cash and cash equivalents at any given time during the term thereof. Available cash and cash equivalents generally will be held in accounts at third party financial institutions (which may not bear interest or generate income). A Fund's access to its invested cash and cash equivalents may be impacted by adverse conditions in the financial markets. Cash balances in operating accounts could be impacted if the underlying financial institutions fail or other adverse conditions in the financial markets occur.

Property Tax Increases. Properties may be subject to real and personal property taxes that increase as property tax rates change and as the facilities are assessed or reassessed by taxing authorities. Leases generally provide that the property taxes are charged to tenants as an expense related to the facilities that they occupy. As the owner of the facilities, however, the respective Fund is ultimately responsible for payment of the taxes to the government. If property taxes increase, tenants may be unable to make the required tax payments, ultimately requiring the respective Fund to pay the taxes.

Reduction in Funds Available for Future Acquisitions. All real estate properties that we recommend are subject to operating risks common to real estate in general, any or all of which may negatively impact a Fund. If a property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, a Fund could be required to expend funds with respect to that property for operating expenses. Properties are subject to increased utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses. While some properties that we recommend may require tenants to pay a portion of such expenses, some may not be negotiated on that basis, in which event the respective Fund may have to pay those costs. If a Fund is unable to lease properties on a basis requiring the tenants to pay all or some of such expenses, or if tenants fail to pay required tax, utility and other impositions, such Fund could be required to pay those costs.

Inability to Obtain Adequate Financing. We cannot be sure that a Fund will be able to obtain lines of credit or long-term permanent financings on satisfactory terms.

Financing to Purchasers. In some instances, we may recommend that a Fund sell an investment by providing financing to purchasers. If such Fund provides financing to purchasers, the Fund will bear the risk that the purchaser may default, which could result in litigation and related expenses. Even in the absence of a purchaser default, the distribution of the proceeds of sales, or their reinvestment in other assets, will be delayed until the promissory notes or other property such Fund may accept upon a sale are actually paid, sold, refinanced or otherwise disposed of.

Leverage and Borrowing Risks. Subject to certain limitations contained in the applicable governing documents of each Fund, a Fund may incur or assume indebtedness for temporary and extended periods of time to leverage its investments with the purpose of acquiring, developing and providing indebtedness with respect to such investments. A Fund may leverage its investments with customary recourse or non-recourse financing, subject to customary non-recourse carve-outs. A Fund may also obtain recourse or limited recourse debt financing and provide, or have a subsidiary provide, guarantees for such carve-outs. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss. In addition, the terms

of financing for development activities generally include floating interest rates without a cap. Furthermore, use of leverage (including at floating interest rates) on any particular investment will increase the exposure of such investment to adverse economic factors such as rising interest rates, severe economic downturns or deterioration in the condition of the investment or its market, and can impact the feasibility and/or returns in respect of any disposition as a result of applicable pre-payment penalties. This could impair such investment's ability to finance its future operations and capital needs and result in restrictive financial and operative covenants. As a result, such investment's flexibility to respond to changing business and economic conditions may be limited. In the event an investment is unable to generate sufficient cash flow to meet its principal and interest payments on its indebtedness, the value of the Fund's equity investment in such investment could be significantly reduced or even eliminated.

Further, an adverse economic change could result in some lenders imposing more stringent restrictions on the terms of credit or a general reduction in the amount of credit available in the markets in which a Fund will seek to invest. Any negative impact from the tightening of, or adverse changes in, the credit markets may result in: (A) an inability to finance the acquisition of investments on favorable terms, if at all; (B) increased financing costs; or (C) financing with increasingly restrictive covenants. Such changes in turn may negatively impact the performance of the investments. To the extent there is a lack of readily available and reasonably priced debt financing available to potential purchasers at the time a Fund is ready to dispose of an investment, such circumstances could materially and negatively affect the number of potential purchasers and the prices purchasers are willing to pay the Fund.

Use of Subscription Lines and Credit Facilities. A Fund may enter into a credit facility with one or more lenders in order to, among other things, finance the acquisition of investments. Any such subscription line credit facility will contain a number of common covenants that, among other things, might restrict the ability of a Fund and any subsidiary, if applicable, to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make cash distributions; (iv) create liens on assets; (v) enter into leases, investments or acquisitions; (vi) engage in mergers or consolidations; (vii) make capital calls to the investors; (viii) amend its governing documents, or (ix) engage in certain transactions with affiliates, and otherwise restrict activities of the Fund (including its ability to acquire additional investments, businesses or assets, or effect certain changes of control or asset sale transactions) without the consent of the applicable lenders. In addition, such a subscription line credit facility may require a Fund to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements. A Fund may incur indebtedness under such credit facility that bears interest at a variable rate. Economic conditions could result in higher interest rates, which could increase debt service requirements on variable rate debt and could reduce the amount of cash available for various Fund purposes.

It is expected that this indebtedness, if incurred, will be secured primarily by the unfunded capital commitments of investors, subject to the terms and conditions set forth in the applicable governing documents. In connection therewith, the general partner of a Fund will be authorized to grant a security interest in the right to initiate capital calls and collect the unfunded capital commitments. In addition, investors may be required to confirm the terms of their capital commitments, provide financial information and execute other documents as may be required by debt providers to the Fund. Investors whose unfunded commitments have been pledged may be called upon to fund their entire unfunded commitments to repay indebtedness and the failure of other investors to honor their commitments may result in an investor's payments exceeding its *pro rata* share of the indebtedness that has been incurred by the Fund. An investor may also be required to fund amounts to repay subscription-based credit facility borrowings incurred in connection with an investment even if such investor did not participate in the relevant investment in connection with which such borrowings were incurred. In addition, the extent to which a Fund incurs borrowings may have certain consequences to the investors, including, but not limited to (a) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes; or (b) increased interest expense if interest rate levels were to increase.

In the event a Fund incurs indebtedness, the preferred return accruing in respect of investors will be less than otherwise would have been the case in the absence of such indebtedness. As a result, we may be entitled (x) to receive incentive distributions earlier than we otherwise would have and (y) in certain circumstances, to receive incentive distributions in amounts greater than we otherwise would have, in each case, had the Fund not incurred such indebtedness and, instead, had required the investors to contribute capital to fund such investments.

Cross Collateralization. Because a Fund and its subsidiaries may engage in portfolio financings and financing acquisitions where several investments are cross-collateralized, multiple investments may be subject to the risk of

loss. As a result, a Fund or a subsidiary could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments.

Guarantees. Subject to the terms and conditions set forth in the applicable governing documents, a Fund or one or more of its subsidiaries expects to guarantee the obligations or other liabilities of investments or properties or provide letters of credit or other credit support to facilitate investments, including, without limitation, cost and/or completion guarantees given to banks for development purposes, and there can be no assurance that such guarantees or letters of credit will not have adverse consequences for the Fund. As a result, if any such investment defaults on its obligations, the Fund may be required to satisfy such obligation, in which case the Fund may make a larger investment in such investment than initially expected (subject to the terms and conditions set forth in the applicable governing documents). In order to do so, a Fund may call capital, recall distributions or liquidate some or all of the investments prematurely at potentially significant discounts to fair value.

Adverse consequences of failure to maintain REIT status. The Funds typically make investments indirectly through one or more REITs. If a REIT in which a Fund or client invests or owns an interest were to fail to qualify as a REIT in any taxable year, the REIT would be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates, and distributions to stockholders, including the applicable Fund or client, would not be deductible by it in computing its taxable income. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to stockholders. Unless entitled to relief under certain provisions of the Internal Revenue Code, as amended, the disqualified REIT also would be disqualified from taxation as a REIT for the four taxable years following the year during which it ceased to qualify as a REIT.

Investment Company Act Considerations. It is intended that most of the Funds and SPVs will rely on and qualify for certain exemptions and exclusions from the registration requirements of the Company Act, other than or in addition to Section 3(c)(1) and/or Section 3(c)(7) thereof. These are expected to include the exclusions from the definition of investment company set forth in Sections 3(c)(5)(C) and Section 3(c)(6) of the Company Act. For example, to qualify for the exclusion set forth in 3(c)(5)(C) of the Company Act, the Funds (on a Fund by Fund basis) generally will be required to hold at least (i) 55% of their assets in “qualifying” real estate assets and (ii) at least 80% of their assets in “qualifying” real estate assets and real estate-related assets. As a consequence of the Funds seeking to comply with such tests on an ongoing basis, the Funds may be restricted (or we may be incentivized to restrict the Funds) from making certain investments or may be required to structure investments in a manner that would be less advantageous to the Funds than would be the case in the absence of such requirements. In addition, seeking to be in compliance with such tests may cause the Funds to dispose or not dispose of investments at different times than it would otherwise, which could result in lower proceeds to the Funds than it would have received if it were not seeking to comply with such requirements.

Climate Change. Ongoing changes to the climatic conditions in which clients operate and invest may have an adverse impact on clients and their investments. While the precise future effects of climate change are unknown, it is possible that changes in weather patterns or extreme weather (such as floods, hurricanes and other storms) would, among other adverse impacts, damage client investments or their assets. These changes, in addition to changes affecting precipitation levels, hydrology, annual sunshine, and/or wind levels, could influence power generation levels. Reductions in precipitation levels, wind or sunlight could cause material and adverse impacts on clients, for example, by affecting the revenues and cash flows of client investments. If such reductions are significant, certain investments could be rendered inoperable. Significant increases in precipitation levels or wind could cause damage to client investments or also create periods in which client investments are inoperable. Further, rising sea levels could, in the future, affect the value of client investments in low-lying coastal real assets or result in the imposition of new property taxes or increase property-related insurance rates. Climate change may also give rise to changes in regulations and consumer sentiment that could have a negative impact on the operations of the clients by increasing operating costs of certain investments or restricting or decreasing demand for the activities of certain investments, among other effects. The adverse effects of climate change and related regulation at provincial or state, federal and international levels could have a material adverse effect on the business, financial position, results of operations or cash flows of clients.

Insurance Risks. We typically intend to maintain comprehensive insurance on client real estate properties, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of total loss, subject to applicable deductibles. We typically endeavor to obtain coverage of the type and in the amount customarily obtained by owners of properties similar to client real estate properties. There are certain types of losses, however, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and terrorism that may

be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received by a client, if any, might not be adequate to restore such client's investment with respect to the affected property.

Counterparty Risks. The Funds are subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the Funds or any investments to substantial or material losses or liabilities. In an attempt to mitigate such risks, we typically attempt to deal or transact with counterparties that we believe to be established, well-capitalized and creditworthy, but there can be no assurance in this regard.

Defaulting Investors. The governing documents of certain of the Funds provide for significant adverse consequences in the event an investor defaults on its capital commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting investor may be forced to transfer its interest in a Fund for an amount that is less than the fair market value of such interest and that may be paid over a certain period of time, without interest. A defaulting investor or an investor who fails to contribute or pay any amounts to a Fund when due may be subject to various other adverse actions and consequences. Whether and how to exercise the general partner's remedies against a defaulting investor will be in the sole discretion of the general partner, and the general partner may require the non-defaulting investors to contribute capital to make up for the shortfall created by such defaulting investor.

Tax Risks and Payment of Taxes. There are a number of tax risks associated with investments in the Funds and the Funds' investments. In particular, investors in such Funds are taxed annually on the Funds' income and realized gains, if any, whether or not they receive any distributions from such Funds. The Funds generally do not make regular annual cash distributions to investors, and investors generally will have no right to voluntarily withdraw from such Funds. Accordingly, it is possible that investors will bear income tax liabilities with respect to their interests in a Fund without receiving any distributions to defray such tax liabilities.

Potential Changes in U.S. Tax Laws. Changes in U.S. tax laws or legislation, as well as possible future U.S. tax legislation and administrative guidance, could materially affect the tax consequences or implications of clients and investors (including an investor's investment in the Funds, and the tax treatment of the Funds' investments). While some of these changes may be beneficial, others could negatively affect the after-tax returns of the Funds and investors. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment (including any investment in a Fund), or investments made by the Funds, will not be modified by legislative, judicial or administrative changes or guidance, possibly with retroactive effect, to the detriment of the Funds and their investors.

Delayed Tax Information. A Fund may not be able to provide final Schedules K-1 to investors for any given fiscal year until after the initial filing deadlines for tax returns. Final Schedules K-1 may not be available until completion of a Fund's annual audit. Investors should plan to obtain extensions of the filing date for their income tax returns at the federal, state and local level.

U.S. Taxation of Carried Interest. U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of individuals associated with the Funds, TXRE and their affiliates who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for us and our affiliates to incentivize, attract and retain individuals to perform services for the Funds. This could also create an incentive for our personnel to cause Funds to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

Investor Due Diligence Information. The general partner of a Fund typically makes available, prior to the closing of the offering of interests in such Fund, to each prospective investor the opportunity to ask questions of, and receive responses from, a representative of the general partner concerning the terms and conditions of the offering and to obtain any additional information, if the general partner possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth in the offering documents. Due to the fact that different potential investors may ask different questions and request different information, the general partner of a Fund may provide certain information to one or more prospective investors that it does not provide

to all of the prospective investors. None of the responses or additional information provided is or will be made available to all investors, and no prospective investor may rely on any such responses or information in making its decision to subscribe for interests in a Fund.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS THAT ARE OR MAY BE ASSOCIATED WITH A FUND'S OR A CLIENT'S INVESTMENT STRATEGIES OR AN INVESTMENT IN THE FUNDS OR OTHER CLIENTS. PROSPECTIVE INVESTORS IN A FUND SHOULD REFER TO THE RISK FACTORS AND DISCLOSURES SET FORTH IN THE APPLICABLE OFFERING DOCUMENTS OF SUCH FUND FOR DETAILED INFORMATION AND DISCLOSURES REGARDING THE APPLICABLE MATERIAL RISKS.

Item 9: Disciplinary Information

Not applicable.

Item 10: Other Financial Industry Activities and Affiliations

AFFILIATED GENERAL PARTNERS AND INVESTMENT MANAGERS

As mentioned in Item 4 above, certain of our affiliates, including US Industrial Club IV General Partner, LLC, US Industrial Club IV GP, LP, US Industrial Club V General Partner, LLC, US Industrial Club V GP, LP, US Industrial Club VI General Partner, LLC, US Industrial Club VI GP, LP, HE Management Sea r.l., HWE Holdings GP, LLC, HE Management II S.à r.l., EU Industrial Club III GP S.à r.l., EU Industrial Club IV GP S.à r.l., UK Industrial Club II GP S.à r.l., AHB 2020, LLC, and HIP VI Holding Management, LLC (each, an “Advisory Affiliate” and, collectively, “Advisory Affiliates”), serve as general partner, managing member or investment manager with respect to one or more of the Funds, SPVs or Employee Vehicles and may from time to time perform and/or provide Investment Advisory Services with respect to a client. While we and each of the Advisory Affiliates are organized as separate legal entities, we collectively conduct a single advisory business. Accordingly, the Advisory Affiliates rely on our investment adviser registration instead of separately registering as investment advisers with the SEC under the Advisers Act. To rely on our registration, we have entered into investment management agreements with each Advisory Affiliate, pursuant to which we monitor, supervise, oversee and control any and all Investment Advisory Services provided by such Advisory Affiliate and any persons acting on its behalf with respect to the applicable client. Each Advisory Affiliate, its employees and persons acting on its behalf are “persons associated with” and “supervised persons” (as each term is defined in the Advisers Act) of TXRE Advisers, LLC with respect to all Investment Advisory Services provided thereby, the Investment Advisory Services of each Advisory Affiliate, its employees and persons acting on its behalf are subject to our supervision and control, any Investment Advisory Services of an Advisory Affiliate are subject to the Advisers Act and the rules and regulations thereunder, and the activities and books and records of each Advisory Affiliate are subject to inspection and examination by the SEC. Each Advisory Affiliate is subject to our compliance policies and procedures and, except as the context otherwise requires, any reference in this brochure to “we,” “us,” “our” includes TXRE Advisers, LLC and the Advisory Affiliates.

All Investment Advisory Services with respect to clients and any of its subsidiaries have been or will be delegated to, and shall be provided and/or performed by, us (and our Advisory Affiliates). Any Investment Advisory Services with respect to clients and their subsidiaries that are undertaken by any of our affiliates, agents, supervised persons, employees and persons acting on their behalf are subject to our supervision and control.

HDC ACTIVITIES

Hillwood Development Company, LLC, our affiliate and parent company (“HDC”), and affiliated entities are engaged and may in the future engage in various real estate development activities, including industrial, commercial and residential. Industrial real estate activities (to the extent such activities are or may be related to the Funds, the SPVs or securities-related activity) generally are subject to our oversight as investments in the Fund(s). Certain investment opportunities, including “Excluded Opportunities” and other “Hillwood Permitted Activities”, as defined in the applicable Fund governing documents, are not required to be allocated or offered to the Funds, and may be pursued outside of such Funds or clients by HDC or an affiliate. See “Allocation of Investment Opportunities” in Item 11 below for more information.

Commercial and residential real estate activities generally do not involve Investment Advisory Services and thus are separate and independent from our investment activities. We generally also share certain resources and personnel with other HDC business units. To the extent that such activities or matters do raise material conflicts of interest, we expect to address such conflicts in the manner described in *Item 11 - Advisory Committee; Conflicts of Interest* below and/or disclosure in the applicable offering documents.

AFFILIATED REAL ESTATE BROKER

We are affiliated, and share certain principals and employees with, Hillwood Realty Services Corporation, a real estate broker. Although we intend to keep our business activities and operations separate and independent from the business activities and operations of Hillwood Realty Services Corporation, the activities of Hillwood Realty Services Corporation may present actual or potential conflicts of interest, including, but not limited to, the time conflicts presented thereby.

AFFILIATED BORROWING ARRANGEMENTS

Certain of our affiliates have entered into and/or may in the future enter into master borrowing arrangements through which funds are borrowed from a third-party lender in connection with a government sponsored lending program (“master borrowing arrangements”). In connection therewith, one or more of our affiliates have provided and/or may in the future provide loans to the SPVs and/or other clients with respect to real estate projects from the proceeds borrowed under such master borrowing arrangements (“affiliate loans”). The terms of such affiliate loans generally are the same as or substantially similar to those under the master borrowing arrangement, except that the affiliate loans generally have higher loan origination fees which generally are intended to cover the estimated additional costs and expenses associated with such loans (although such origination fees could potentially exceed the applicable costs). Neither we, nor our affiliates otherwise receive any compensation with respect to or in connection with such affiliate loans. None of the Funds utilize or have in the past utilized such affiliate loans.

OTHER ACTIVITIES OF PRINCIPALS, OFFICERS AND AFFILIATES

Certain of our personnel, employees and agents and related persons are subject to a variety of conflicts of interest relating to their responsibilities, duties, obligations and services to clients, other vehicles, accounts, entities, ventures and/or programs managed or sponsored by us and our affiliates and their respective investments, and their outside personal or business activities, including as members of investment or advisory committees or boards of directors of or advisors to investment funds, entities and other organizations. Such positions create a conflict if such other entities, ventures, vehicles, funds and/or accounts compete with client accounts for investment opportunities or other resources. The personnel in question may have a greater financial interest in the performance of such other entities, ventures, vehicles, funds or accounts than the performance of a Fund or other client. This involvement may create conflicts of interest in making or recommending investments on behalf of a Fund or other client and such other entities, funds, accounts, vehicles or ventures. Although we generally seek to minimize or otherwise mitigate the impact of any such material conflicts, there can be no assurance that any such conflicts will be (or will be able to be) resolved or mitigated or addressed in a manner that is favorable for or to a Fund or client.

Certain of our affiliates and related persons (including limited partnerships, limited liability companies, family offices, family entities, trusts and other entities and investment vehicles) are engaged and may be engaged in non-securities related investment activities and/or other matters that do not involve Investment Advisory Services, including investments in real estate or other non-securities related investments (either directly or through wholly owned or controlled subsidiaries). In addition, certain of our affiliates manage, operate, sponsor and/or control various investment vehicles and other entities that are owned exclusively by our related persons and affiliates and do not otherwise have any third-party investors. The activities of these investment vehicles generally are separate from our Investment Advisory Services and activities.

As disclosed in Item 11, “Excluded Opportunities” and “Hillwood Permitted Activities” (each as defined in the applicable governing documents of a Fund) are not required to be, and generally are not, offered, allocated or made available to the Funds or any other clients, and any such opportunities generally are or may be allocated or offered exclusively to, and pursued and consummated exclusively by, us and our affiliates on our own balance sheets (irrespective of whether or not such opportunities would or could fit within the investment parameters of the Funds or could be structured to fit within such investment parameters). We may structure any investment so as to fit within the “Excluded Opportunities” definition. We have broad and absolute discretion in making any and all determinations regarding whether a particular investment opportunity is or should be deemed to be an “Excluded Opportunity” or “Hillwood Permitted Activity” and any such determinations are subjective and involve conflicts of interest. **See Item 11.**

In addition, there may be conflicts between an investment entity of a Fund and an investment entity of any other fund, vehicle or account managed or sponsored by us or an affiliate or any other affiliated funds or accounts or non-advisory clients. For example, an investment entity of a Fund, non-advisory client or other entity or vehicle or venture managed, sponsored, controlled or operated by us or our affiliates may be a competitor of, or otherwise compete with, one or more of another Fund’s or client’s investment entities.

Additionally, certain employees and personnel of us and our affiliates have or may have family members, spouses, or relatives that are actively involved in industries, markets, sectors and other areas in which our clients and other vehicles invest or have business, personal, financial or other relationships or interests with companies in such industries and sectors (including the advisors and service providers described herein) or other industries, which may give rise to

potential or actual conflicts of interest. For example, such family members or relatives might be officers, directors, personnel or owners of companies, entities or assets which are actual or potential investments of our clients or accounts or other counterparties of our clients and their investments or assets. Moreover, in certain instances, a client or an investment or property owned or held by such client can be expected to purchase or sell entities, ventures, vehicles, properties, assets or investments from or to, or otherwise transact with, companies or entities that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement or interests.

SERVICE PROVIDERS

We engage common service providers for ourselves as well as the Funds and other clients, vehicles and ventures managed, advised and/or sponsored by us and our affiliates. In such circumstances, there may be a conflict of interest between us and the Funds or our clients in determining whether to engage such service providers, including the possibility that we may favor the engagement or continued engagement of such service providers if we receive a benefit from them (such as lower fees) that we would not receive absent the engagement of such service provider by one or more Funds or clients. Further, service providers to us and our affiliates and one or more clients often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by us or our affiliates differ from those required by clients and their investments, us and our affiliates will pay different rates and fees than those paid or borne by clients.

A Fund's or client's service providers and vendors (including the administrator, accountants, attorneys, lenders, consultants and others) and their affiliates provide or may provide goods or services to, or have business, personal, financial, economic and/or other relationships or arrangements or relations with us, our principals or personnel, direct or indirect beneficial owners or employees of us or our affiliates, related persons, officers, employees, direct or indirect owners and agents of the foregoing and/or their affiliates. Such service providers and vendors (or affiliates thereof) may be investors in a Fund and/or other funds or vehicles managed or sponsored by us, sources of investment opportunities, advisory clients, prospective advisory clients or co-investors or commercial counterparties or entities or issuers in which we and our personnel have investments or relationships. Additionally, certain employees and agents of us and our affiliates have or may have family members or relatives employed by or associated with service providers and vendors. These and other relationships and facts may influence or be deemed to influence us in deciding whether or not to select or engage or recommend service providers and vendors to perform services for, and/or engage in activities with respect to, our clients.

TRANSACTIONS WITH AFFILIATES

Subject to the terms and conditions set forth in the applicable governing documents, a Fund and its subsidiaries (or the applicable general partner on such Fund's behalf) engage and may engage or retain various of our affiliates to perform or provide certain services or engage in certain activities in respect of or in connection with investments for which the Fund or its subsidiaries would otherwise retain or rely on or utilize third parties, including, without limitation, transaction services, property management, leasing, and construction management. Our affiliates will be paid or entitled to receive compensation or fees for services performed with respect to the Funds, subsidiaries of the Funds and investments, as applicable, pursuant to the terms of their engagements, irrespective of any Fund's or any investment's performance. To the extent an affiliate provides or performs services to a Fund, a subsidiary of the Fund or an investment, such affiliate generally will receive fees: (i) at such rates or amounts specified in the applicable governing documents, (ii) at rates for services that we reasonably believe to be consistent with arm's length market rates at the time of entering into the engagement, or (iii) at such other rates for such services that we reasonably believe to be consistent with arm's length market rates from comparable third party service providers in accordance with the governing documents, and that have been approved by supermajority consent. While we will determine in good faith the rates for affiliate services at the time of the relevant engagement as set out above and in accordance with the governing documents, there will likely be variances in the marketplace for similar services based on an array of factors that affect providers and rates for services, including, but not limited to, loss leader pricing strategies or other marketing and competitive practices, integration efficiencies, geographic market differences, and the quality of the services provided. There can be no assurances that the rate or amount charged by any affiliate for services in respect of investments will not be greater than the rate charged by certain similarly situated service providers for similar services in any given circumstance. In addition, the rate or amount charged by any affiliate for services in respect of investments at any given time following the relevant engagement may not match a then-current market rate because

the market rate for the service may have increased or decreased over time. For example, pursuant to the terms and conditions of the investment advisory agreement between each Fund and us, the applicable general partner retains us to perform and provide investment advisory services in respect of such Fund and its subsidiaries, and in consideration of such services such Fund and its subsidiaries will pay advisory fees to us (subject to offset or reduction as provided in the governing documents). The engagement and retention of these affiliated service providers or advisors or consultants with respect to a Fund, its subsidiaries or their direct or indirect investments or in connection with any mandate or other investments, and the direct or indirect compensation, fees or other amounts payable or applicable thereto, are specifically approved and authorized pursuant to the applicable governing documents, among other sections, and without the consent of the advisory committee of such Fund, the investors or any other person, except as otherwise provided in the applicable governing documents.

It is expected that our affiliates will make a profit from the provision of such services in respect of the Funds and their investments, and such fees may be substantial, material or significant. Any fees payable to or compensation or amounts or benefits received directly or indirectly by our affiliates in respect of such services generally will not be shared with or paid to or received by the Funds and their investors and, subject to the governing documents, will not reduce or result in any offset to the advisory fees payable to us (unless otherwise specifically provided in the governing documents). The use of affiliated service providers by a Fund, its subsidiaries and their investments to provide or perform such services raises conflicts of interest in that we have an incentive to favor or engage or retain affiliates over more qualified or lower cost or more deserving service providers (such that our affiliates can receive the benefit of the additional fees, compensation and amounts payable with respect to such services).

In addition, we and our personnel from time to time receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds which do not reduce our advisory fees and are not otherwise shared with or payable to or received by the Funds or the investors in such Funds. Such benefits will inure exclusively to, and be retained exclusively by, our affiliates and/or the personnel receiving them, even if they are significant, material or difficult to value and even though the cost of the underlying service is borne as an expense, cost and charge by or to the Funds or their investments. For example, expenses incurred in connection with airline travel or hotel stays typically 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 us and our personnel (and not investors, Funds or investments) even though the cost of the underlying service typically is borne by and charged to (directly or indirectly) the Funds and their investments. Similarly, the volume of work that service providers receive from our affiliates, which include those from the Funds and their investments, results in discounts for such services that we, our affiliates and their personnel will benefit from, while the Funds and their investments will not be able to similarly benefit from certain discounts that apply to our affiliates and their personnel. The potential to receive discounts and other benefits could provide an incentive for us and our personnel to cause the Funds or their investments to enter into transactions or arrangements that would or would not have otherwise been entered into or engaged in the absence of these arrangements, discounts and benefits. Financial and other material benefits that any of our affiliates and personnel derive from such transactions and services will generally not be shared with or payable to or received by the Funds or the investors.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

CODE OF ETHICS

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our supervised persons. Our code of ethics is primarily designed to educate supervised persons about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to the Funds, encourage supervised persons to comply with applicable laws, prevent the misuse of material non-public information and the circulation of rumors and other forms of market abuse and address conflicts of interest that could arise from personal trading by our access persons. The code sets forth formal policies and procedures with respect to the personal securities trading activities of our access persons. Among other things, access persons generally are required to pre-clear certain public and private personal securities transactions, report all securities transactions on at least a quarterly basis and provide us with a summary of the securities holdings on at least an annual basis. Our code also addresses outside activities of certain supervised persons, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of gifts, the reporting of certain gifts and business entertainment items and the pre-clearance and reporting of political contributions. All supervised persons must annually confirm that they have read and understand our code of ethics and compliance manual, including the personal securities trading policy. A copy of our code of ethics will be made available to clients upon request.

ALLOCATION OF INVESTMENT OPPORTUNITIES

We act as investment adviser with respect to various Funds (and may in the future act as investment adviser with respect to one or more additional pooled investment vehicles or separately managed accounts) and clients that have or may have overlapping investment objectives and may present potential for conflicts of interest with respect to various clients. Therefore, there may be circumstances in which investment opportunities that are consistent with a client's investment objectives overlap with those of one or more of our other clients and/or us and/or our affiliates. As an adviser registered under the Advisers Act, we generally are required to resolve conflicts of interest on a fair and equitable basis under the circumstances. In allocating investment opportunities, we generally will take into account various factors including (but not limited to) the terms of the applicable governing and offering documents, which business area or investment vehicle sourced the opportunity, the size of the investment opportunity, the various investment objectives of the different clients, the nature of the other potential acquirers, target rates of return, diversification considerations, risk profile, available capital and expected holding periods. The methodology for determining whether to allocate an investment either to a client or one or more other clients or affiliates, and the factors taken into account in determining such allocation, will likely vary over time and on a case-by-case basis. Any such allocation, and any joint participation involving multiple clients or affiliates, will be in accordance with the applicable governing and/or offering documents and applicable law.

US Funds

Until the earlier to occur of (i) the expiration or termination of the investment period of Club IV, Club V or Club VI, as applicable, or (ii) the time that eighty percent (80%) of the aggregate capital commitments have been committed to "mandate investments" (as such term is defined in the partnership agreement of Club IV, Club V or Club IV, as applicable), we are required to allocate and make available to Club IV (and its subsidiaries), Club V (and its subsidiaries) or Club VI (and its subsidiaries), as applicable, all North American industrial real estate investment opportunities (including opportunities sourced by, or available to, us or our affiliates) that we reasonably believe meet the "investment parameters" and risk profile of the applicable US Fund (excluding any "Excluded Opportunities" or "Hillwood Permitted Activities", each as defined in the partnership agreement of the applicable US Fund, as applicable) and that comply with the "investment restrictions" and the "leverage restrictions" (as such terms are defined in the partnership agreement of the applicable US Fund) (each, a "US Fund Qualifying Opportunity"). Prior to the expiration or termination of the investment period of Club IV, Club V or Club VI, as applicable, neither we nor any of our affiliates will have the right to acquire, invest in or otherwise obtain an interest (direct or indirect) in any US Fund Qualifying Opportunity outside of such applicable US Fund, unless approved by supermajority consent of the LP advisory board of the applicable US Funds. All other US Funds prior to Club IV are outside of their investment periods and do not generally participate in the allocation of new investment opportunities.

However, if we or our affiliates are presented with a US Fund Qualifying Opportunity that falls within the investment objective two or more of Club IV, Club V and Club VI, in such circumstances and notwithstanding anything to the

contrary in the preceding paragraph, such US Fund Qualifying Opportunity (including any related co-investment opportunities) generally will be allocated to Club IV and Club V on a priority basis to the extent Club IV or Club V is able to make and acquire the entire investment in such US Fund Qualifying Opportunity in accordance with the applicable partnership agreement of such club. As a result, we intend to allocate to Club IV or Club V, as applicable, 100% of a US Fund Qualifying Opportunity that falls within the investment objective of Club VI, subject to the terms and conditions set forth in the applicable partnership agreements.

Pursuant to the partnership agreement of each US Fund (including Club IV, Club V and Club VI), “Excluded Opportunities” and “Hillwood Permitted Activities” are specifically excluded and carved out from the definition of US Fund Qualifying Opportunities, and thus such opportunities and investments are not required to be, and generally are not, offered, allocated or made available to the US Funds, and any such opportunities generally are or may be allocated or offered exclusively to, and pursued and consummated exclusively by, us and our affiliates (and not any US Funds). “Excluded Opportunities” and “Hillwood Permitted Activities” generally will not be allocated or offered to the US Funds even if such opportunities would or could otherwise fit (or be structured to fit) the investment parameters of the US Funds. “Excluded Opportunities” means any North American industrial real estate opportunity that we or an affiliate desire to pursue: (A) that (i) requires less than \$10 million of equity; (ii) that has an intended hold period of less than 2.5 years; and (iii) with respect to which we or an affiliate does not invest with a capital partner, or (B) that we or the general partner of a US Fund determine in good faith is not suitable or appropriate for the applicable US Fund as a result of applicable law, rule, regulation, risk profile or otherwise.

We have broad and absolute discretion in determining whether a particular investment opportunity falls within or is deemed to fall within the definition of Excluded Opportunities or Hillwood Permitted Activities, and any such determination is subjective and involves actual and potential conflicts of interest, as we may be incentivized to classify a particular opportunity as or deem a particular opportunity to be an Excluded Opportunity or Hillwood Permitted Activity so that we and our affiliates can make and invest in such opportunity on our own balance sheets (and not be required to allocate or share such opportunity with the Funds). For example, we typically have the authority to structure an investment so as to fit within the requirements in items (i)-(iii) of clause (A) of the definition of Excluded Opportunities, even if such opportunity could be structured so as not to be an Excluded Opportunity). Moreover, clause (B) of the definition of Excluded Opportunities provides us with broad discretion to determine whether or not any particular opportunity is suitable for a US Fund, and any such determination is subjective and involves conflicts of interest. There could be disagreements over whether any particular opportunity fits within or does not fit within the definition of Excluded Opportunities, or is required to be offered or made available to a US Fund, but our determination in this regard will be final and conclusive on the US Funds and their investors. Our affiliates have made and invested in Excluded Opportunities and other Hillwood Permitted Activities in the past, and we expect them to continue to do so in the future. Without limiting the generality of the foregoing, “Excluded Opportunities” have historically included those investments, properties or assets which (i) we believe to have risks that are inappropriate for the Funds, (ii) are in markets with questionable institutional liquidity, or (iii) have investment horizons that are expected to exceed the term of the US Funds. Our affiliates may invest in other types of Excluded Opportunities in the future.

In the event that our affiliates do not elect to invest or participate in any Excluded Opportunity, such opportunity may, but is not required to be, offered or made available to a US Fund or one or more other clients or funds.

EU Clubs

With respect to each EU Club (and subject to the investment priority of any applicable prior EU Club), until the earliest to occur of (i) the expiration or termination of the investment period or (ii) the time that eighty percent (80%) of the aggregate capital commitments have been committed to “mandate investments” (as such term is defined in the governing and/or offering documents of such EU Club), we or the general partner generally are required to make available to such EU Club and its subsidiaries, as applicable, all industrial real estate investment opportunities located in Germany, Poland, the Netherlands or other applicable European countries (including opportunities sourced by, or available to, us and our affiliates) that we reasonably believe meet such EU Club’s “investment parameters” (excluding any “EU Excluded Opportunities” or “Hillwood Permitted Activities”) and that comply with the “investment restrictions” and the “leverage restrictions” of such EU Club (a “EU Club Qualifying Opportunity”). Except as otherwise provided in the applicable governing and offering documents, prior to the expiration or termination of the investment period of the applicable EU Club, neither we nor any of our affiliates will have the right to acquire, invest

in or otherwise obtain an interest (direct or indirect) in, any EU Club Qualifying Opportunity outside of the EU Clubs, as applicable, unless approved by supermajority consent of the LP advisory committee of such applicable EU Club (and except as otherwise provided in the applicable governing documents). Europe Fund I and EU Club II are outside of their investment periods and do not generally participate in the allocation of new investment opportunities.

Notwithstanding the foregoing, in the event that we or our affiliates are presented with EU Club Qualifying Opportunities that fall within the investment objective of both EU Club IV and EU Club III and/or UK Club II, then such EU Club Qualifying Opportunities (including any related co-investment opportunities) will be allocated to EU Club III and/or UK Club II on a priority basis until the earlier of (i) December 20, 2023 or (ii) the date when 80% of the aggregate capital commitments of EU Club III and UK Club II have been expended, committed, placed or reserved for future liabilities; provided that (A) the remaining available aggregate capital commitments of EU Club III and UK Club II are sufficient to support the acquisition of 100% of the applicable EU Club Qualifying Opportunity, (B) EU Club III's or UK Club II's acquisition of such EU Club Qualifying Opportunity will comply with EU Club III's or UK Club II's investment and leverage requirements, and (C) the development, stabilization and/or sale of such EU Club Qualifying Opportunity, if applicable, is reasonably anticipated to be completed by the expiration of the initial term of EU Club III or UK Club II, as applicable. As a result, we generally intend to allocate to EU Club III and/or UK Club II, as applicable, 100% of an investment opportunity that falls within the investment objective of EU Club III or UK Club II, as applicable (to the extent the remaining capital commitments are sufficient to support the acquisition of 100% of the applicable EU Club Qualifying Opportunity and subject to the restrictions, limitations and guidelines set forth in the applicable governing documents).

Similar to the US Funds and pursuant to the governing documents of each EU Club, "EU Excluded Opportunities" and "Hillwood Permitted Activities" are specifically excluded from the definition of EU Club Qualifying Opportunity, and thus such opportunities are not required to be offered or allocated or made available to any EU Club or other client and our affiliates have the right, but not the obligation, to make or consummate such investments outside of the EU Clubs. "EU Excluded Opportunities" generally mean any industrial real estate opportunity in Europe (or, with respect to EU Club IV, the United Kingdom) that we (or an affiliate) desire to pursue: (a) that (i) requires less than ten million Euro (EUR 10,000,000) of equity; (ii) has an intended hold period of less than 2.5 years; and (iii) with respect to which our affiliate does not invest with a capital partner or (b) that we in good faith determine is not suitable or appropriate for such EU Club as a result of applicable law, regulation, risk profile or otherwise. While our affiliates have not invested outside of the EU Clubs in any EU Excluded Opportunities to date, we have identified such opportunities in the past and it is possible that our affiliates will invest outside the EU Clubs in EU Excluded Opportunities from time to time in the future. The general partner of each EU Club has broad and absolute discretion in determining whether a particular investment opportunity fits within or is deemed to fit within the definition of EU Excluded Opportunities or Hillwood Permitted Activities, and any such determination judgment is subjective and involves actual and potential conflicts of interest, as we may be incentivized to classify a particular investment opportunity as (or deem a particular asset or investment to be) a EU Excluded Opportunity so that our affiliates can make or invest in (directly or indirectly) such investments on their own balance sheets (and not be required to allocate such opportunity to or share such opportunity with any EU Club or other clients). There could be disagreements over whether a particular opportunity fits within or should fit within the definition of EU Excluded Opportunities, but the general partner's determination in this regard will be final and conclusive on each EU Club and its investors.

UK Clubs

With respect to UK Club II, until the earliest to occur of (i) the expiration or termination of the investment period or (ii) the time that eighty percent (80%) of the aggregate capital commitments have been committed to "mandate investments" (as such term is defined in the governing and/or offering documents of UK Club II), we generally are required to make available to UK Club II and its subsidiaries, as applicable, all industrial real estate investment opportunities located in the United Kingdom (including opportunities sourced by, or available to, us and our affiliates) that we or the general partner reasonably believes meet UK Club II's "investment parameters" (excluding any "EU Excluded Opportunities" or "Hillwood Permitted Activities") and that comply with the "investment restrictions" and the "leverage restrictions" (each as defined in the applicable governing and/or offering documents) (a "UK Club Qualifying Opportunity").

Notwithstanding the foregoing, in the event that we or our affiliates identify or are presented with UK Club Qualifying Opportunities that fall within the investment objective of UK Club II and EU Club UK, then such UK Club Qualifying

Opportunities (including any related co-investment opportunities) will be allocated to EU Club UK on a priority basis until the earlier of (i) October 1, 2021 or (ii) the date when 80% of the aggregate capital commitments of EU Club II and EU Club UK have been expended, committed, placed or reserved for future liabilities; provided that (A) the remaining available aggregate capital commitments of EU Club II and EU Club UK are sufficient to support the acquisition of 100% of the applicable UK Club Qualifying Opportunity, (ii) EU Club UK's acquisition of such UK Club Qualifying Opportunity will comply with EU Club UK's investment and leverage requirements, and (C) the development, stabilization and/or sale of such UK Club Qualifying Opportunity, if applicable, is reasonably anticipated to be completed by the expiration of the initial term of EU Club UK. As a result, we generally intend to allocate to EU Club UK 100% of an investment opportunity that falls within the investment objective of both EU Club UK and UK Club II (to the extent the remaining capital commitments are sufficient to support the acquisition of 100% of the applicable investment opportunity and subject to the restrictions, limitations and guidelines set forth in the applicable governing documents). As noted above, UK Club II has priority with respect to any EU Qualifying Opportunity that falls within the investment objective of both UK Club II and EU Club IV.

Similar to the US Funds and the EU Clubs and pursuant to the governing documents of each UK Club, "UK Excluded Opportunities" and "Hillwood Permitted Activities" are not required to be offered or allocated or made available to any UK Club (or any other Fund) and our affiliates have the right, but not the obligation, to make or consummate such investments outside of the UK Clubs and the other Funds. With respect to the UK Clubs, "UK Excluded Opportunities" means any industrial real estate opportunity in the United Kingdom that we or an affiliate desires to pursue: (a) that requires less than ten million pounds (GBP 10,000,000) of equity; (ii) that has an intended hold period of less than 2.5 years; and (c) with respect to which we or an affiliate does not invest with a capital partner. As disclosed above, we have broad and absolute discretion in determining whether any opportunity fits or is deemed to fit within the definition of UK Excluded Opportunities, and any such determination is subjective and involves conflicts of interest. Please refer to the disclosures set forth above for more information.

While our affiliates have not invested outside of the UK Clubs in any UK Excluded Opportunities to date, it is possible that our affiliates will invest outside the UK Clubs in UK Excluded Opportunities from time to time in the future.

Any reference in this brochure to "Excluded Opportunities" means Excluded Opportunities, EU Excluded Opportunities and/or UK Excluded Opportunities, as applicable and as the context otherwise requires.

Employee Vehicles

Employee Vehicles typically invest in and through one or more of the Funds, SPVs, REITs, vehicles, ventures and entities managed, sponsored and/or established by us and/or our affiliates, in accordance with the terms set forth in the applicable governing documents of each Employee Vehicle. In particular, the governing documents of each Employee Vehicle typically will specify and describe each of the investments that will or may be made thereby, and the Employee Vehicles will not compete with any of the Funds for investment opportunities.

Please refer to the applicable governing documents of each Fund for detailed information regarding the allocation of investment opportunities with respect to such Fund.

CO-INVESTMENT OPPORTUNITIES

Subject to the applicable governing documents, the general partner or managing member of a Fund generally may cause the respective Fund to co-invest with other entities (including one or more Employee Vehicles and our affiliates and related persons) so long as such arrangements do not materially adversely alter the economic or control rights of the limited partners set forth in the respective partnership agreement. With respect to any investment in which co-investors directly or indirectly co-invest with or alongside a Fund, any investment expenses and costs related to such investment generally will be borne by the Fund and such coinvestors in proportion to the capital invested by each in such investment or on such other basis deemed by us to be fair and equitable under the circumstances. Notwithstanding the foregoing, we may, subject to the terms of the applicable governing documents of a Fund, structure any co-investment opportunity such that the proposed coinvestors do not or will not bear or pay any costs or expenses associated with proposed investments that are not consummated and, in such event, a Fund may be required to bear and pay all of such expenses.

If a Fund provides the members of the general partner of the general partner of such Fund (the “Members”), or any of their affiliates, with the opportunity to co-invest with such Fund in the securities of, or provide equity financing to, any investment of such Fund, then such co-investment amount will be allocated among the Members and their respective affiliates, for their own account, *pro rata* in accordance with their capital commitments to such Fund; *provided, however*, that if one Member or its affiliate elects not to take or use any portion of its allocated co-investment amount, the other Member or its affiliate will have the right, but not the obligation, to pursue such portion. In the event that the total amount of the co-investment amount allocated to the Members under the terms of the partnership agreement of such Fund has not been taken or used by all or any of the Members, the Members generally may sell or syndicate to third parties such remaining amount, *pro rata* in accordance with their capital commitments to such Fund; *provided, however*, that if the Members agree, the entire remaining amount may be jointly sold or syndicated by the Members.

As disclosed herein, we and our affiliates have established, and expect to establish in the future, one or more Employee Vehicles to directly or indirectly invest in or alongside one or more of the Funds, SPVs, joint ventures, vehicles, entities and/or other persons managed, sponsored and/or controlled by us or our affiliates (including investments in or alongside entities or vehicles that are not advisory clients).

ADVISORY COMMITTEE; CONFLICTS OF INTEREST

Each of the US Funds and the European Funds has established an advisory committee or advisory board (“Advisory Committee”) composed of various representatives of the investors in such funds. In addition to any other waiver, consent or approval rights of the Advisory Committee expressly set forth in the governing documents of such Funds, the general partner of such Fund (or the “alternative investment fund manager” with respect to Europe Fund I) generally is required to present to the Advisory Committee for its prior review and approval any transaction in which the general partner has a conflict of interest, and any matter that, with respect to the Advisers Act, would require the approval of the applicable Fund or the investors. If the Advisory Committee consents to or approves any such transaction or matter, the general partner may cause the Fund to engage in such transaction without seeking any other approval of the investors.

We generally are required to keep the Advisory Committee apprised of key business decisions concerning a US Fund or the European Funds, including, without limitation, prospective acquisitions, dispositions, and financings of portfolio investments in excess of twenty percent (20%) of aggregate capital commitments or subscriptions.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Our employees, personnel and affiliates own or may own or hold direct or indirect interests in various Funds, SPVs, Employee Vehicles and other vehicles, ventures and entities managed, sponsored and established by us and our affiliates, including co-investment vehicles. To the extent co-invest vehicles exist, such vehicles invest or may invest in or through one or more of the same investments as one or more of our Funds or other entities managed or sponsored by us or our affiliates.

Principal transactions are transactions (i) where an adviser, acting as principal for its own account, knowingly buys securities from, or sells securities to, a client and (ii) where an affiliate or controlling person of the adviser is acting in a principal capacity with clients of the adviser (*i.e.* where we or an affiliate cause a client to engage in a trade with one of our affiliates). Cross trades between Funds or other clients may be deemed to be principal transactions if we and/or our affiliates (including direct or indirect owners and control persons) own, in the aggregate, 25% or more of either Fund or client. Section 206(3) generally prohibits an investment adviser from engaging in a principal transaction unless such adviser (i) makes written disclosure to the client of the capacity in which it is acting and (ii) obtains the client’s consent to the transaction. We generally will not engage in a principal transaction with respect to any of the Funds unless we obtain the prior approval of the applicable Advisory Committee (in accordance with the provisions set forth in the applicable governing document or offering memorandum) or the client.

Employee Vehicles frequently acquire interests in various entities, vehicles, ventures and investments from our affiliates or otherwise invest in entities managed, sponsored, controlled and/or advised by us and our affiliates, and some or all of such transactions may be deemed to constitute principal transactions. For example, an Employee Vehicle may invest in a particular vehicle or venture by acquiring all or part of the interest in such vehicle or venture held by us or an affiliate. As a result, the governing documents of each Employee Vehicle typically include detailed information regarding the investments that will or may be made by such Employee Vehicle, and each investor in such

Employee Vehicle is deemed to have consented to and approved each such investment (and transactions relating thereto) in connection with, and as a result of, its subscription for an interest in such Employee Vehicle.

Certain of our employees and related persons may acquire preferred interests or shares in various REITs established by the Funds to make and hold investments.

OTHER POTENTIAL CONFLICTS

The legal and/or organizational, account or governing documents of a Fund or client, investment management agreements between us and each Fund or client and/or other agreements in respect of portfolio investments and assets establish complex arrangements among the parties, including between investors and the Funds and clients. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to a situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to a Fund or its investors.

Item 12: Brokerage Practices

BROKERAGE POLICIES

We generally focus on making private investments in real estate and real estate related assets, which transactions typically are privately negotiated between us and the seller. Accordingly, the investment strategies we employ for the Funds do not generally involve securities transactions that require the use of a broker or other counterparty. However, we may from time to time cause a REIT subsidiary of a Fund to acquire (and ultimately dispose of) a small amount of publicly traded securities in order to generate “real estate” related income until such time as the actual real estate asset begins generating qualifying “real estate” income.

We or an affiliate generally has the sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or counterparty, if any, to be used to effect transactions. In placing each transaction for a Fund or REIT subsidiary involving a broker or counterparty, we will seek “best execution” of the transaction except to the extent we are permitted to pay higher brokerage commissions in exchange for brokerage and research services. “Best execution” means obtaining for a Fund or client account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account various factors or considerations deemed relevant or appropriate in our discretion. In determining whether a particular broker or counterparty is likely to provide best execution in a particular transaction, we take into account all factors and considerations that we deem relevant or appropriate in our discretion including, among others, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker, and the quality of service rendered by the broker in other transactions.

To the extent consistent with achieving best execution, we may also consider other business a particular broker or counterparty has done with us or our affiliates, such as identifying investment opportunities, performing investment banking or banking services and providing services to our affiliates and personnel. We will at times “pay up” (pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker’s brokerage commission for brokerage and research services in accordance with the safe harbor set forth in Section 28(e) of the Securities Exchange Act of 1934, as amended. A broker providing such brokerage and research services will receive a commission in excess of the amount of commission another broker would have received for effecting that transaction provided we determine in our discretion that such commission was reasonable in relation to the value of the research and brokerage services provided by a broker. Any such research could be broadly useful and of value to us in rendering advice to all or a material portion of our clients, or could be relevant and useful for the management of one or only a few client accounts, regardless of whether such account or accounts paid commissions to the broker through which the research service was provided. We will only make securities transactions that we in good faith believe are in the best interest of a client. A conflict of interest exists when a broker provides such research services, however, as we will have an incentive to favor such broker over others that charge lower commissions.

Item 13: Review of Accounts

REVIEWS OF ACCOUNTS

Certain of our executive officers generally conduct routine reviews of the Funds and their investments on at least a monthly basis (or more frequently in certain circumstances). With respect to accounting matters, the general partners or managing member of the Funds have each engaged an independent public accounting firm to conduct annual audits of such Funds.

As noted in Item 8 above, the general partner of each of the US Funds and the European Funds has established an “investment committee” and an “operating committee” with respect to such Fund. In general, the unanimous consent of the “investment committee” is required with respect to the acquisition and disposition of any portfolio investments and the consent of a majority of the “operating committee” is required with respect to various other matters relating to the US Funds and the European Funds.

In monitoring the performance of the Funds’ investments, we perform various levels of review. Among other items, we may consider: opportunities in the real estate market, inquiries regarding a specific asset, changes in an asset’s operating environment, changes in the debt market and changes in the customer of a real estate asset.

REPORTS

We generally provide investors in the US Funds and the European Funds with quarterly unaudited financial statements (including a balance sheet, income statement and statement operations/capital), quarterly reports of business, operations and activities (including a summary of acquisitions and dispositions of mandate investments during the prior quarter and a description of certain transactions), and annual audited financial statements (including a balance sheet, income statement, statement of partners’ capital, summary descriptions of acquisitions and dispositions during the applicable year and a statement of distributions made to each partner during the last fiscal quarter of such year). Within forty-five (45) days after the end of each fiscal year, the general partner of each Fund delivers, or causes the Fund to deliver, to the investors notice of the investment value of each mandate investment as at the end of each fiscal year. After the close of each taxable year, we provide investors with any information relating to the US Funds that may be reasonably necessary to enable investors to prepare their U.S. federal income tax returns. If requested by an investor, the US Funds and the European Funds generally will use commercially reasonable efforts to deliver to such investor such other information reasonably available to us as the investor may require to comply with reporting requirements imposed by law. All reports to investors generally are written. In response to questions and requests and in connection with due diligence meetings and other communications, we may provide additional information to certain investors that is not distributed to other investors. Such investors may make investment decisions with respect to their investments in the funds based upon such information.

With respect to EU Projects and the SPVs, we generally provide (or will provide) annual audited financial statements to investors and such other reports, notices and information set forth in the applicable governing documents. In general, all such reports are written.

With respect to each Employee Vehicle, we or an affiliate generally provide (or will provide or make available) periodic unaudited financial statements of such Employee Vehicle to investors and such other reports, notices and information set forth in applicable governing documents. All such reports are expected to be written.

Item 14: Client Referrals and Other Compensation

THIRD-PARTY COMPENSATION

Except as otherwise disclosed in this brochure or in the applicable offering or governing documents, we currently do not receive any economic benefit from a non-client for providing investment advice or other advisory services with respect to the Funds.

PLACEMENT AGENTS

We or an affiliate have engaged, appointed and retained various third-party placement agents to act or serve as placement agent in connection with the offering of interests in certain of the Funds to prospective investors. We may in the future engage, appoint and retain one or more other placement agents or marketers in connection with the offering of interests in one or more of the Funds or other pooled investment vehicles established, sponsored and managed by us or an affiliate (including REITs through which the Funds make investments). As compensation for their services, such persons generally are or may be entitled to receive various types or forms of compensation or fees from us or our affiliates including, without limitation, the following: (i) a percentage of the management fees and/or performance-based compensation received by us or our affiliates in respect of referred investors, (ii) an allocation paid to us or our affiliates with respect to such investors and clients (or a portion thereof), (iii) a percentage of an investor's commitment to a Fund, or (iv) a flat fee, retainer payment and/or periodic retainer payments or amounts. Investors generally will not be charged any higher or additional fee as a result of such agreements or arrangements, but the applicable Fund generally will or may be required to pay or reimburse a placement agent for various out of pocket costs and expenses (such as travel expenses, meals, entertainment and other expenses) incurred by it in connection with its services with respect to a Fund (or such expenses or costs may alternatively be borne or paid, in whole or in part, by us or our affiliates). In every instance, all arrangements and payments of placement agent fees will be disclosed to applicable investors. The names of any placement agents or marketing firms engaged or retained with respect to the Funds are set forth in Section 7.B of Schedule D of Part 1A of Form ADV.

Item 15: Custody

We generally are deemed to have custody of client cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. Accordingly, all client cash and securities are maintained at one or more qualified custodians, to the extent required by Rule 206(4)-2. With respect to the Funds and SPVs, the respective general partner generally is responsible for selecting qualified custodians, and it may change custodians at any time and from time to time without the consent of, or notice to, investors.

In general, and to the extent required by law, an independent public accounting firm conducts annual audits of each of the Funds and SPVs, and audited financial statements are provided to investors in such vehicles on an annual basis. Annual audited financial statements generally are provided by the general partner to investors in the Funds and the SPVs within 120 days after the end of each fiscal year (or as otherwise set forth in the applicable governing documents or required by applicable law).

Employee Vehicles are not subject to annual audits and therefore do not meet or rely on the audit exception set forth in Rule 206(4)-2(b)(4). Except as otherwise permitted by Rule 206(4)-2, all cash and securities of the Employee Vehicles are maintained at one or more qualified custodians. The managing member of an Employee Vehicle is responsible for selecting qualified custodians, and we have provided and will provide notice to investors in each Employee Vehicle regarding custodian arrangements. The qualified custodian sends an account statement, at least quarterly, to investors in each Employee Vehicle identifying the amount of funds and each security in the account at the end of the period and setting forth all transactions in the account during the period. We have engaged an independent public accounting firm to conduct a surprise examination with respect to the funds and securities of the Employee Vehicles pursuant to Rule 206(4)-2(a)(4). We may in the future elect to cause one or more of the Employee Vehicles to rely on or comply with the audit exception set forth in Rule 206(4)-2(b)(4).

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

We and our Advisory Affiliates generally have discretionary power and authority over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf our clients, subject to the terms, limitations and restrictions set forth in the applicable governing documents (including the investment committees and the operating committees with respect to each applicable fund, as described in Item 8). We also have authority to determine the counterparty (if any) to be used for Fund and Employee Vehicle transactions and the negotiation of commission rates or other consideration to be paid by the Funds to such persons. Notwithstanding the foregoing, neither we nor any of our Advisory Affiliates may have discretionary power or authority to select investments on behalf of an SPV, subject to the terms of the governing documents.

LIMITED POWER OF ATTORNEY

Each investor in the Funds and the Employee Vehicles generally grants the general partner or managing member of a Fund or Employee Vehicle a limited power of attorney to enable the general partner to take various ministerial actions with respect to the Fund or Employee Vehicle on its behalf. The general partner or managing member of each fund has the authority to act on behalf of the Funds and the Employee Vehicles in connection with the acquisition and disposition of investments.

Item 17: Voting Client Securities

We do not exercise or have the authorization to exercise proxy voting authorization with respect to our clients. Rule 206(4)-6 under the Advisers Act requires every investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that each adviser disclose to clients how they may obtain information on how the adviser voted their proxies.

We currently do not advise our clients with respect to any publicly traded securities. As such, we do not currently exercise voting authority on behalf of clients. In the event that we (a) have proxy voting authority with respect to our clients and (b) are called upon to exercise such proxy voting authority, our policy will be to exercise reasonable care to ensure that proxies are voted in the best interests of our clients and we will adopt procedures reasonably designed to ensure compliance with such policy.

Item 18: Financial Information

Not applicable.