

INVESTMENT ADVISER BROCHURE

PART 2A OF FORM ADV

WATERTON INVESTMENT ADVISER, L.L.C.

WATERTON ASSOCIATES L.L.C.

WATERTON ENTERPRISES, L.L.C.

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This Investment Adviser Brochure (“**Brochure**”) provides information about the qualifications and business practices of Waterton Investment Adviser, L.L.C., Waterton Associates, L.L.C., and Waterton Enterprises, L.L.C. (together, “**Waterton**”). If you have any questions about the contents of this Brochure, please contact us at 312-476-2383. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state authority.

Waterton is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Waterton is also available on the SEC’s website at www.adviserinfo.sec.gov.

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MATERIAL CHANGES

Waterton filed its most recent Form ADV Part 2 on March 29, 2023. This annual amendment updates the description of the business practices of Waterton and its affiliates.

ADVISORY BUSINESS

Waterton Investment Adviser, L.L.C., a Delaware limited liability company and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere (each, a “**Fund**,” and collectively, together with any future private investment fund to which Waterton and/or its affiliates provide investment advisory services, the “**Funds**”). Waterton commenced operations in 1995.

The general partner or managing member of each Fund (each, a “**General Partner**,” and collectively, together with any future affiliated general partner or manager entities, the “**General Partners**,” and together with Waterton and their affiliated entities, the “**Firm**”) is affiliated with Waterton through common ownership and control as well as shared executive officers. Each General Partner is subject to the Advisers Act pursuant to Waterton’s registration in accordance with SEC guidance. This Firm Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Waterton. Each General Partner and the principals and certain investment professionals of Waterton generally participate in the Funds’ investments by investing assets directly in the Funds (through limited partner interests) or indirectly through investments in the General Partners, which in turn, invest in the Funds.

The Funds are real estate funds that primarily invest in real estate and real estate-related investments, including, without limitation, multifamily and hospitality real estate investments, bonds, securitized loans, and other debt (both loan to own and yield to maturity strategies) secured by real estate assets and, in limited cases, equity in publicly traded REITs. In particular, certain Funds (the “**Freddie Mac Funds**”) invest in a series of bonds issued as part of Freddie Mac’s securitization of supplemental multifamily mortgage loan pools. The securitization is accomplished through offerings of K-Series Multifamily Pass-Through Certificates. The securitized loans are split up into tranches ranging from guaranteed senior bonds (rated AAA) to subordinate bonds (non-investment grade). The Freddie Mac Funds invest in supplemental loans that are securitized and offered through Freddie Mac as the (“**KJ-Deals**”). Freddie Mac splits the KJ-Deals into multiple tranches – senior tranches totaling 80% and a subordinate tranche of 20% (“**KJ B-Pieces**”). The KJ B-Pieces, while secured, are the riskiest pieces of the combined securitization and have limited rights. Certain other Funds managed by Waterton Investment Adviser, L.L.C. (the “**Flagship Funds**”) target investments in multifamily rental opportunities in major markets throughout the United States. In addition to the Funds and pooled investment vehicles, Waterton also manages joint ventures that invest primarily in real estate assets (“**Accounts**”). Waterton’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments.

Waterton's advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a "**Memorandum**"), investment management agreements, limited partnership or other operating agreements of the Funds (each, a "**Partnership Agreement**") and, together with any relevant Memorandum, the "**Governing Fund Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds (generally referred to herein as "investors," "partners" or "limited partners") participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Fund Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Waterton and any investor. The Funds or the General Partners have entered, and expect in the future to enter into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Fund Documents with respect to such investors.

Additionally, as permitted by the Governing Fund Documents, Waterton has provided, and expects to provide, (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, portfolio investment management or personnel, Waterton's personnel and/or certain other persons associated with Waterton and/or its affiliate. Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at substantially the same time and on substantially the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund), under certain circumstances, is permitted to purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio investment (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in Waterton's sole discretion, Waterton reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

As of December 31, 2023, Waterton managed \$4,726,428,452 in client assets on a discretionary basis. David R. Schwartz and Peter M. Vilim co-founded the Waterton Investment Adviser, L.L.C.'s parent company, Waterton Associates L.L.C. in 1995. Waterton Associates L.L.C.'s current ownership structure is as follows: (i) approximately 72% by affiliate entities which are controlled by Mr. Schwartz; (ii) approximately 8% by affiliate entities which are controlled by Mr. Vilim and (iii) approximately 20% by passive third-party investors.

FEES AND COMPENSATION.

In general, Waterton or an entity affiliated with Waterton receives a management fee and a carried interest in connection with the provision of advisory services to its clients. Waterton or other Firm entities or affiliates receive additional compensation in connection with management and other services performed for portfolio investments of Funds. In addition, in certain circumstances, Waterton receives compensation for management and other services performed in connection with co-investments made in portfolio investments of the Funds. Investors in a Fund also bear certain expenses.

Management Fees and Commitments

Waterton typically receives compensation in connection with the provision of advisory services to its clients in the form of fees based on capital commitments, total capitalizations, current valuations, carried interest distributions, annual fixed fees, and certain other fees or expenses related to transactions (see below). Each Fund assesses fees and expenses in a specific manner pursuant to its Governing Fund Documents and investors should review the Governing Fund Documents for the respective Fund to understand all fees and expenses borne by such Fund.

The Freddie Mac Funds will pay Waterton, monthly, a management fee (the “**Management Fee**”) equal to the greater of (i) 1/12th of 50 basis points on aggregate unreturned capital contributions of the investors of the respective Freddie Mac Fund as of the last day of the prior month or (ii) \$10,000 month. Flagship Funds pay Waterton or its affiliated entities an annual Management Fee which is payable quarterly in advance based on a range of 0.75% to 1.25% of committed capital during the investment period and a range of 0.50% to 1.50% of invested capital after the expiration of the applicable investment period. To the extent permitted by the relevant Governing Fund Documents, Waterton reserves the right, in its sole discretion, to waive or reduce Management Fees with respect to any investors in a Fund.

Investors participating in a closing after the initial closing date of a Fund bear the Management Fee from the initial closing date of such Fund. The Management Fee will be payable until proceeds from all portfolio investments are distributed or until Waterton’s relationship with the Fund is terminated for other reasons (as described in the Governing Fund Documents). As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

The Governing Fund Documents provide that a Fund’s Management Fees will be calculated on a basis that generally is not tied to the Fund’s then-current net asset value. As specified in the Governing Fund Documents, from the effective date of the relevant Flagship Funds until a date specified in the Governing Fund Documents (generally representing the end of the Fund’s defined investment period (the “**Stepdown Date**”)), Management Fees generally will be charged based on a percentage of the amount of the relevant Flagship Fund’s aggregate commitments during the investment period. After the Stepdown Date, Management Fees generally will be charged and calculated based on a percentage of the amount of invested capital (including, where applicable, a Fund borrowing component and reinvestment proceeds) made by the relevant

Flagship Fund relating to investments that have not been realized or have suffered a permanent impairment in value below cost (such investments, “**Impaired Value Investments**”).

Under the Governing Fund Documents, where the fair market value of an investment exceeds the total amount of invested capital relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such invested capital. Conversely, the Governing Fund Documents do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Fund Documents. For the avoidance of doubt, following the Stepdown Date, if the fair market value of an Impaired Value Investment is less than the total amount of invested capital relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable relating to such Impaired Value Investment will be reduced.

As a result, the amount of Management Fees generally will not correspond with fluctuations in a Flagship Fund’s net asset value of individual investments, aggregate investments in a portfolio investment or of a Fund, including following the investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of Impaired Value Investments that have suffered a permanent impairment in value below cost. Except where the Governing Fund Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

In many circumstances, the Management Fee base of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under certain of the Governing Fund Documents in the event of realizations, dispositions or write-downs or write-offs that occur partway through the relevant calculation period.

In the event of a partial disposition of any Impaired Value Investment, to the extent that the acquisition cost attributable to the disposed of portion and all prior disposed of portions of such Impaired Value Investment (as determined by the relevant General Partner) represents more than 25% of the aggregate acquisition cost attributable to all existing and disposed of portions of such Impaired Value Investment, the relevant General Partner will generally reduce each limited partner’s invested capital to take into account the portion of the Impaired Value Investment so disposed (it being understood that the relevant General Partner reserves the right, in its sole discretion, to reduce a limited partner’s invested capital to take into account any other partial disposition).

The Governing Fund Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to

bear the full specified Management Fee rate in the Governing Fund Documents until they are reduced in the circumstances and on the date(s) specified therein.

To the extent specified in a Fund's Governing Fund Documents, Waterton or another Firm entity will be permitted to receive certain supplemental fees and other amounts ("**Supplemental Fees**") consisting of property management fees with respect to each approved project for which it provides property management services (which generally for the Funds equals between 3.00% - 3.75% of gross collected revenues, plus reimbursement for expenses), construction management fees and Insurance Fees (as defined herein) (which is generally equal to 5% of the renovation and capital improvement hard costs for each approved project acquired by a Fund), annual accounting fees to cover Waterton's overhead and related internal costs for performing accounting services at the relevant entity level, and reimbursement for venture-level services provided by Waterton personnel such as accounting, legal, reporting, compliance costs that would otherwise be performed for ventures by third parties (in general to be provided at cost and not exceed amounts that would be charged by a third parties on an arm's length basis). The Supplemental Fees are subject to change and vary depending upon certain conditions, including, without limitation, the location of the property, the type of asset that is being managed, the asset-level occupancy and relevant risk profile. Construction management fees generally will be paid as the renovation and capital improvement costs are actually paid. Any annual accounting fees will be in addition to amounts paid by the Funds for any out of pocket costs for third party accounting services. For additional information regarding Insurance Fees, please see the disclosure regarding Captives (as defined herein) in the discussion of conflict of interest in the Methods of Analysis, Investment Strategies and Risk of Loss Section. Except to the extent specified in a Fund's Governing Fund Documents, Supplemental Fees received by Waterton will not be credited against Management Fees otherwise owed to Waterton.

As a matter of practice, Waterton is typically paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. These fees have typically ranged from 0.65% to 0.75% of capital contributions. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment. Supplemental Fees are permitted to be paid in-kind (including through securities, option grants or other interests) and will not offset the Management Fee. Supplemental Fees are permitted to be paid prior to holding period of the relevant Fund.

Certain Governing Fund Documents permit Waterton to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Fund Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The limited partners of the Fund would, in such circumstances, be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of Waterton in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver likely will result in an acceleration (or delay) of investor capital contributions.

Carried Interest

A portion of each Fund's distributable proceeds will be allocated to the capital account of Waterton or an entity affiliated with Waterton as "carried interest." The manner of calculation of such carried interest is disclosed in the Governing Fund Documents, and varies by Fund. Generally, however, between 10 - 50% of the investment profits of the Funds are allocated as carried interest to such Fund's General Partner after the Fund achieves a preferred return between 8 - 20%. To the extent set forth in the relevant Governing Fund Documents, incentive distributions to Waterton or its affiliates are, under certain circumstances, subject to claw back or giveback provisions which include the return of any incentive based distributions received by Waterton for re-distribution to investors.

It is expected that any future Funds will have a similar compensation structure.

Other Information

Waterton periodically invests the assets of the Funds in other entities or pooled investment vehicles that specialize in particular real estate investments. In certain cases, such entities and other pooled investment vehicles are managed by unaffiliated third party managers ("**JV Partners**"). JV Partners engaged by a Fund or a General Partner will receive management fees, carried interest, or other compensation for their services that is paid by the property (and indirectly by the Funds). In certain instances, carried interest will only be paid to the JV Partner after achieving a certain performance return threshold.

Waterton is permitted to exempt certain "affiliated partner" investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Waterton and any other person designated by Waterton, such as "friends and family" of Waterton or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The relevant General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by Waterton and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a Waterton professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the Governing Fund Documents, certain General Partners have the right to permit investors, affiliated with the General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest. In general, the Management Fee offsets described above apply only with respect to the commitments of fee-paying investors. Waterton retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Governing Fund Documents,

over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Firm generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Waterton or its affiliates.

In addition to the Management Fee and carried interest payable to Waterton, each of the Funds will bear certain other expenses. As set forth more fully in the relevant Governing Fund Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's and/or its subsidiaries' and intermediate entities' activities, investments and business, portfolio investments or potential portfolio investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio investment (to the extent not reimbursed by a portfolio investment or potential portfolio investment), including, but not limited to: (i) the operation and administration of the Funds including, fees, costs, disbursements and expenses of accountants, bookkeepers, consultants, tax advisors, third-party due diligence, third-party research services, lawyers and other professionals incurred in connection with audits, data processing, tax returns, tax planning, tax projections, bookkeeping, engineering, investment-level management and servicing, hedging, environmental, legal compliance, financial reporting, legal or accounting opinions and tax return preparation and similar services, as well as expenses associated with the distribution of reports and notices to the limited partners and expenses of verifying distributions, models, valuations and tax allocations; (ii) activities with respect to investigating, pursuing, developing (including costs and expenses of tenant and capital improvement), identifying, originating, sourcing (including attending and sponsoring industry conferences and events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments), negotiating, structuring (including any Fund-level and below-the-fund structuring implemented to accommodate the tax, regulatory, accounting, legal or other considerations with respect to any limited partner), restructuring, organizing, consummating, bidding on, acquiring, owning, managing (including asset management and property management (to the extent reimbursement thereof is permitted under applicable property management agreements, including the cost of customary on-site employees)), operating, holding, monitoring, leasing, servicing, development (including costs and expenses of tenant and capital improvement), redevelopment, financing, hedging, refinancing, diligencing (including any subscription to any periodicals, databases and/or research services) constructing, rehabilitating, zoning, marketing, advertising, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, subsidiaries and actual and potential portfolio investments (including follow-on investments), in connection with any direct or indirect REIT subsidiary of a Fund (including fees, costs and expenses attributable to qualifying any direct or indirect REIT subsidiary of a Fund as a REIT and maintaining such qualification) or an "operating company" (within the meaning of the U.S. Department of Labor regulation located at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA) (including fees, costs and expenses attributable to structuring the Funds or alternative investment vehicle, as applicable, to qualify or preserve the ability to qualify, or structuring any acquisition financing or other transaction with respect to such entity to qualify or preserve the ability to qualify, as an "operating company" and maintain such qualification), or in seeking to do any of the foregoing (including any associated "dead deal," asset

servicing, legal, due diligence, investment banking, valuation, accounting, advisory, reporting, projection, consulting, financing, commitment, transaction or other fees, costs and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party due diligence and deal-sourcing software and service providers, consultants and similar professionals in connection therewith, after-hours meals and transportation and any fees, costs, expenses and/or compensation related to transactions that were or may have been offered to co-investors or pursued with joint venture partners (including co-investors' and joint venture partners' proportionate share of any expenses related to an investment or other opportunity not consummated)), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (iii) indebtedness of, or guarantees made by, the Funds, Waterton, the General Partner or any affiliate on behalf of the Funds, including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee (including any costs of negotiating, entering into, effecting, maintaining, varying and terminating any borrowing or guarantee permitted to be incurred under the respective Limited Partnership Agreement ("LPA") (including any subscription or credit facility, letter of credit or similar credit support)), including the repayment of principal and interest with respect thereto; (iv) financing, commitment, origination and similar fees and expenses; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, placement fees, sales commissions, investment banker and similar services; (vi) brokerage, sale, custodial, depository, (including a depository appointed pursuant to AIFMD), Swiss representative or local paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule, or regulation related to the implementation thereof), local paying agent, trustee, record keeping, account and similar services; (vii) legal, accounting, research, auditing, technology, administration (including fees and expenses associated with the Funds' third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), real estate title, survey, hedging, consulting (including costs related to hiring consultants (e.g., headhunter fees, background checks or relocations costs), consulting, retainer and other fees, incentive equity, stock awards, salary and other compensation paid to, and benefits or personnel costs provided to or on behalf of, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other similar consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (viii) property management, leasing, construction management, development, environmental, brokerage, sales agents, information technology consulting, construction/project management consulting, transition team services for new acquisitions and other services; (ix) reverse breakup, termination and other similar arrangements, which are permitted to include a co-investor's or potential co-investor's share of such costs; (x) insurance, including directors and officers liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage, property and casualty and general partnership liability premiums and other insurance, risk management and regulatory expenses (including costs related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies; (xi) filing, title, transfer, survey, registration and other similar fees and expenses; (xii) printing, communications, mailing, courier, marketing and publicity in connection with portfolio investments; (xiii) the preparation, distribution or filing of Fund-related or investment-related

financial statements, communications or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative, compliance or regulatory filings or reports (including Form PF, Bureau of Economic Analysis Reports, any filings required under the Corporate Transparency Act, custody audits and any filings or reports contemplated by the AIFMD or any similar law, rule or regulation (other than those constituting organizational Expenses, but excluding Form ADV expenses and ongoing maintenance of the General Partners' and/or the Waterton's registration as an AIFM under the AIFMD and related legal fees and expenses)), including secondary legislation, regulations, rules, and/or associated guidance and any related requirements or other information, compliance with any tax or financial account reporting regime, the Foreign Account Reporting Requirements (and any similar laws, rules and regulations), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative, valuation, information gathering or reporting tools (including subscription-based services) for the benefit of the Funds or the limited partners; (xv) any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with the EU Data Protection Law or FOIA); (xvi) to the extent provided in the Governing Fund Documents or otherwise approved by the relevant General Partner in its sole discretion, activities or proceedings of a Fund's Investor Advisory Committee ("IAC") (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the IAC members, permitted observers and other persons in attending or otherwise participating in meetings of the IAC); (xvii) indemnification obligations (including any legal and other fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Governing Fund Documents or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Fund Documents); (xviii) to the extent provided in the Governing Fund Documents, actual, threatened or otherwise anticipated litigation, mediation, arbitration, governmental inquiry, investigation, proceeding or other dispute resolution process, including the costs of any discovery related thereto and any judgment, fine, other award or settlement entered into in connection therewith; (xix) any annual limited partner meeting or other periodic or special, if any, meetings of the limited partners and any other conference or meeting or, webcast or other video conference with any limited partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference related costs), in each case to the extent incurred by the Funds, the General Partners or any other affiliate of the General Partners (which does not include admission fees at industry conferences, but shall include any costs associated with venue, set-up, room and board, dining, and other meeting or conference related-costs); (xx) except as otherwise determined by the relevant General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, subsidiaries or actual or potential investments (to the extent not borne or reimbursed by a subsidiary or investment of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund and any other costs related to structuring or restructuring of any alternative investment vehicle, investment or portfolio investment of any alternative; (xxi) the termination, liquidation, winding up or dissolution of a Fund and any persons owned directly or indirectly by a Fund (including

investments) and related entities; (xxii) defaults by partners in the payment of any capital contributions; (xxiii) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, anti-corruption, sanctions, anti-terrorism or environmental, social or governance considerations), including any legal, administrator, consulting or other third-party service provider costs related to the activities of a Fund (including regulatory costs of the relevant General Partner or any of its affiliates incurred in connection with the operation of the Fund, the General Partner and/or any of their respective affiliates and legal costs, and costs of third parties that perform know-your-customer and/or anti-money laundering due diligence on the Fund's limited partners and beneficial owners) and costs and expenses related to compliance with any environmental, social or governance or other investment considerations and policies of the relevant General Partner and/or Fund (B) the validation or other confirmation of any payments made to a Fund or the relevant General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxiv) any experts, consultants or advisors, including independent appraisers, engaged by a General Partners in connection with the relevant Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same entity as one or more other funds sponsored by an affiliate of the General Partner; (xxv) unreimbursed costs and expenses incurred in connection with any limited partner transfer or proposed transfer or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxvi) any taxes, fees and other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of the Funds (except income taxes that are not partner specific taxes to the extent that a Fund is reimbursed therefor by a partner or such tax, fee or charge is treated as having been distributed to the partners); (xxvii) distributions to the partners and other expenses associated with the acquisition, holding and disposition of the portfolio investments, including extraordinary expenses; (xxviii) compliance or regulatory matters related to the Funds; (xxix) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliates of a Waterton at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs; (xxx) any travel (including, where appropriate, as determined by the General Partner, the cost of private aircraft or other private air travel (including the use of a private aircraft owned, partially owned or leased by the Management Entity, any of its affiliates or any of their respective owners, members, managers, shareholders, partners, directors, officers, employees, agents, advisors, assigns, representatives or affiliates) for diligence and deal sourcing at a cost not to exceed the cost of first class commercial airfare; subject to any requirements or limitations set forth in the Governing Fund Documents, other air travel, car or ride sharing services and other modes of transportation), lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxi) all costs and expenses associated with operating a feeder vehicle which invests all or substantially all of its assets in a Fund to the extent not paid by the investors investing in such entities, including all expenses associated with its formation, management, operation, winding-up, liquidating and dissolution and with preparing and distributing such feeder vehicle's financial statements, tax returns and feeder vehicle limited partner reports, but not including any income based or similar taxes, fees or other governmental charges levied against such feeder vehicle; (xxxii) amendments to, and waivers, consents or approvals pursuant to the Governing Fund Document and all reasonable costs and expenses of, and/or incidental to, the constituent documents

of the relevant Fund, General Partner and related entities and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxxiii) the preparation and dispatching to the partners of all checks, reports, circulars, forms and notices and any other documents necessary or desirable in connection with the business and administration of a Fund; (xxxiv) maintaining custody of any and all Fund documents that the relevant General Partner deems appropriate in connection with the business activities of the Fund (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise), and charges by the relevant General Partner or an investment for document retention; (xxxv) any fees or expenses incurred for transactions not consummated (“**Broken Deal Expenses**”), including any reverse breakup, topping, termination and other liabilities or obligations incurred for transactions not consummated; (xxxvi) information technology and related costs of integration into the Waterton’s existing technology infrastructure; (xxxvii) any costs or expenses incurred by the a Fund’s partnership representative or “designated individual” in its role as the partnership representative or “designated individual”; (xxxviii) any Organizational Expenses; and (xxxix) any other fees, costs, expenses, liabilities or obligations approved by the IAC. Except where the relevant Governing Fund Documents or Side Letter(s) expressly provide to the contrary, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among investors within a Fund regardless of whether any individual Fund investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio investment (or intermediate entity) pays expenses, including expenses of Waterton and/or its affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio investment management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. Excluded from Fund expenses are ordinary administrative and overhead expenses of the General Partner incurred in connection with managing, originating and monitoring investments, including employees’ salaries, rent, utilities and other similar expenses specified in the Governing Fund Documents. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio investments, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio investment. The General Partner reserves the right to agree with operating partners, joint venture or similar partners, service providers, portfolio investment management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant Fund in that it does not involve an initial cash outlay for the payment of expenses, and could be further favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits, participation or equity interest generally would have a dilutive impact on the Fund’s investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation, which in

either case could be substantial. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the Governing Fund Documents, a Fund typically will bear certain unreimbursed expenses of portfolio investments and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

Each Fund shall bear and be charged with all out-of-pocket costs and expenses incurred in connection with organizing, forming, establishing and starting up of each Fund and its related entities (the "**Organizational Expenses**"). The Organizational Expenses will include all expenses including travel (including, where appropriate, as determined by the relevant General Partner, the cost of private aircraft or other private air travel (including the use of a private aircraft owned, partially owned or leased by Waterton, any of its affiliates or any of their respective owners, members, managers, shareholders, partners, directors, officers, employees, agents, advisors, assigns, representatives or affiliates) at a cost not to exceed the cost of first class commercial airfare); printing, mailing, courier, legal, capital raising, accounting, regulatory compliance, and any administrative or other filings (including the initial notifications, registrations, filings and other compliance contemplated by the AIFMD or any similar law, rule or regulation) incurred in connection with the structuring, organization, negotiating, funding and start-up of a Fund, the relevant General Partner, a parallel fund, a parallel fund General Partner and any affiliated management company, including the preparation of, and negotiations with respect to, the Governing Fund Documents, investor presentations and other marketing materials, any Side Letters or similar agreements, agreements with placement agents and any other similar agreements, and out-of-pocket costs and expenses incurred by placement agents, finders or other persons performing similar services in connection with the foregoing. The relevant General Partner will bear the cost (through an offset against the Management Fee or otherwise) of (x) costs or expenses incurred in connection with compliance with the relevant Governing Fund Documents or (y) placement fees payable to any placement agent (but, for the avoidance of doubt, not any expense reimbursement made to any such placement agent) in connection with the formation of such Fund. Certain Funds limit the amount of Organizational Expenses borne by such Fund, as described in the respective Governing Fund Documents. To the extent this limit is exceeded, Waterton will indirectly bear the cost of any excess Organizational Expenses through an offset the Management Fees described above.

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including, without limitation, legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds for their share of such expenses or obligations, without interest.

To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for the costs of establishing, negotiating or maintaining the facility as a whole. While Waterton believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Waterton, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds, without interest, to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio investments alongside one or more Funds, subject to Waterton's related policies and practices and the Governing Fund Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed definitive documentation (e.g., a binding letter of intent or a co-investment or other vehicle's subscription agreement) in connection with such transaction, such co-investor is expected to bear its *pro rata* share of such Broken Deal Expenses. The Advisers' practice of allocating Broken Deal Expenses among investing Funds is discussed under "Conflicts of Interest," below. To the extent a Fund makes use of a credit facility to invest in a portfolio investment or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole.

Waterton and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio investment and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio investment's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Waterton and/or its affiliates on the other hand.

Performance-Based Fees and Side-By-Side Management

As described under "Fees and Compensation," the relevant General Partner generally receives a carried interest allocation on certain realized profits in the relevant Fund. Waterton does not advise Funds not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain affiliated partners as described under "Fees and Compensation." Additionally, to the extent that Waterton has Funds with varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or Waterton personnel are assigned varying percentages of carried interest from the Funds, Waterton and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying

investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

Waterton seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Fund Documents, as well as other factors that do not include the amount of performance-based compensation received by Waterton or any personnel.

The existence of performance-based compensation creates an incentive for a General Partner to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement, although Waterton generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Fund Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

TYPES OF CLIENTS

Waterton provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to Waterton's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, principals or other employees of Waterton and its affiliates and members of their families, operating partners or other service providers retained by Waterton or a Fund.

The relevant General Partner also generally is permitted to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Fund Documents of the related Fund.

The Funds generally have a minimum investment requirement for third-party investors, and Fund interests are offered and sold solely to persons who are both accredited investors and, unless waived by the relevant General Partner, qualified purchasers (or knowledgeable employee Firm personnel). Waterton generally is permitted to waive such minimum investment amount.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Waterton is a private investment firm focused on real estate and real estate-related investments. The Freddie Mac Funds' investment objective is to invest in securitized multifamily loan pools offered by Freddie Mac. The other Funds' investment objectives are to acquire, renovate, manage, reposition and dispose of existing multifamily and hospitality properties located in targeted U.S. geographic areas and includes the purchase of underlying debt encumbering multifamily properties and equity investments in publicly traded REITs.

There can be no assurance that Waterton will achieve the investment objectives of any Fund and a loss of investment is possible.

Investment and Operating Strategy

The Freddie Mac Funds' investment objective is to invest in securitized multifamily loan pools offered by Freddie Mac. The other Funds' investment objectives are to acquire, renovate, manage, reposition and dispose of existing multifamily, and hospitality properties located in targeted U.S. geographic areas and includes the purchase of underlying debt encumbering multifamily properties and equity investments in publicly traded REITs.

Waterton also has pursued a development and single family rental strategy within its Funds.

Risks of Investment

Each Fund and its investors bear the risk of loss that Waterton's investment strategy entails. The risks involved with Waterton's investment strategy and an investment in a Fund include, but are not limited to:

Concentration of Investments. Each Fund will participate in a limited number of investments (and may seek to make several investments in one industry or one sector or within a short period of time) and, as a consequence, the aggregate return of a Fund may be materially affected by the performance of a single investment or a single industry segment. Furthermore, to the extent that the capital raised is less than the target amount, a Fund may invest in fewer portfolio investments and thus be less diversified.

Lack of Sufficient Investment Opportunities. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing real estate transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear Management Fees through such Fund during the investment period based on the entire amount of the limited partners' commitments to such Fund and other expenses as set forth in the Governing Fund Documents.

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner reserves the right to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Fund Documents. A General Partner reserves the right to pursue investments outside of the sectors in which Waterton has previously made investments or has internal operational experience.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which a Fund intends to invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund invests.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of Waterton and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact Waterton and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. In addition, following the applicable compliance date, such regulations will require the General Partners to disclose to prospective investors and/or limited partners certain preferential terms negotiated by limited partners in connection with their investment in a Fund, which could result in the relevant General Partner being less willing to agree to any such preferential terms with any potential investor. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a

Fund (including any Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded commitments.

Leveraged Investments. A Fund is permitted to make use of leverage by incurring or having a portfolio investment or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio investments will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio investments in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio investment's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio investment cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio investment, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio investment, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Fund Documents, a Fund will not be obligated to borrow on behalf of a portfolio investment, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio investment.

A Fund generally is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio investment's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the Governing Fund Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Waterton or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-

investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Fund provides bridge financing to facilitate portfolio investment investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Governing Fund Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the relevant Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

General Real Estate Considerations. Real estate investments are subject to varying degrees of risk. Real estate values are affected by a number of factors, including: (i) changes in the general economic climate or in national or international economic conditions; (ii) local conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management; (iv) competition based on rental rates; (v) attractiveness and location of the properties and changes in the relative popularity of property types and locations; (vi) financial condition of tenants, buyers and sellers of properties; (vii) quality of maintenance, insurance and management services; (viii) changes in real estate tax rates and other operating costs and expenses; (ix) energy and supply shortages; (x) changes in interest rates and the availability of debt financing; (xi) uninsured losses or delays from casualties or condemnation; (xii) government regulations (including those governing usage, improvements, zoning and taxes) and fiscal policies; (xiii) contingent liabilities and potential liability under changing environmental and other laws; (xiv) construction and development risks and other operating problems arising out of the presence of certain construction materials; (xv) structural or property level latent defects; (xvi) work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor related factors and (xvii) acts of God, acts of war (declared or undeclared), terrorist acts, disease outbreaks, epidemics, pandemics, strikes and other factors beyond the control of Waterton and its affiliates. Investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property) could also create risks of successor liability.

Real Estate Securities Investment Risk. The real estate industry has been subject to substantial fluctuations and declines on a local, regional and national basis in the past and may continue to be in the future. Also, the value of a REIT or similar investment can be hurt by economic downturns or by changes in real estate values, rents, property taxes, interest rates, tax treatment, regulations, or the legal structure of the REIT or similar investment. Certain of the Funds invest in REITs. Equity REITs will be affected by changes in the value of and income from the properties they own, while mortgage REITs may be affected by the credit quality of the mortgage loans they hold. REITs are also dependent on specialized management skills, which may affect their ability to generate cash flow for operating purposes and to pay distributions. Additionally,

REITs may have limited diversification and are subject to the risks associated with obtaining financing for real property.

Investments in Real Estate Debt. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real-estate related debt investments are subject to a variety of risks, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, early payment on certain floating rate loans, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments. Debt investments have special inherent risks relative to collateral value. In certain circumstances, the Funds' loans will not be secured by a mortgage, but instead by partnership interests or other collateral that provides weaker rights than a mortgage. In any case, in the event of default, the source of repayment is limited to the value of the collateral and may be subordinate to other lien holders (and the collateral value of the property will be less than the outstanding amount of the investment). Returns on an investment of this type depend on the borrower's ability to make required payments and, in the event of default, the ability of the loan's servicer to foreclose and liquidate the mortgage loan.

Credit Risk. The securities in the Funds will be subject to credit risk, which is the risk that the borrower or guarantor of a loan related to the securities will be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations.

Risk of Non-Performing Loans. The securities in the Funds will be subject to credit risk, which is the risk that the borrower or guarantor of a loan related to the securities will be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. There can be no assurance as to the amount and timing of payments with respect to these loans.

Subscription Lines. A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any investor claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by limited partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the

relevant Fund's limited partners and the terms of the Governing Fund Documents, it may be higher than the interest rate an investor could obtain individually. To the extent a particular investor's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio investment financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Fund Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of an investor's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio investment or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in additional potential liquidity constraints or other burdens on the relevant portfolio investment or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. The General Partners are authorized to use Fund-level borrowing to pay Management Fees and to reimburse Waterton for expenses incurred on behalf of the Funds. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Fund Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

Investment- and Intermediate Entity-Level Borrowing. Under the Governing Fund Documents, the Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as "back leverage" and net asset value (NAV) facilities), and is permitted, directly or indirectly, through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is generally permitted to be incurred for any purpose relating to the activities of the Fund, including, without limitation, to: finance any investment-related activities of the Fund; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves,

in each case in accordance with the Governing Fund Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio investment (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Governing Fund Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

Interest Rate Risks. The Funds will have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of the Funds. Changes in the general level of interest rates can affect the Funds' income by affecting the spread between the income on its assets and the expense of its interest-bearing liabilities, as well as, among other things, the value of its interest earning assets, the capitalization rate at which its assets are valued in the market and its ability to realize gains from the sale of investments. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of Waterton and its affiliates. The Funds finance investments with both fixed and floating rate leverage. With respect to its floating rate leverage, the Funds' performance will be affected adversely if the Funds fails to limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors or other interest rate contracts, or buying and selling interest rate futures or options on such futures. Should the Funds so elect, the use of these instruments to hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce the Funds' earnings and funds available for distribution to its investors and that such losses will exceed the amount invested in such instruments. There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. The Funds will also be exposed to the risk that the counterparties with which the Funds trade may cease making markets and quoting prices in such instruments, which will render the Funds unable to enter into an offsetting transaction with respect to an open position.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Governing Fund Documents, including the value used to determine the amount of carried interest available to Waterton with respect to such investment.

Distressed Investments. The Funds generally are permitted to invest in the securities and obligations, including debt obligations that are in covenant or payment default, of investments

experiencing significant financial difficulties and material operating issues, including investments that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such situations involve a substantial degree of risk that is generally higher than the risk involved in investing in portfolio investments that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed investments, there can be no assurance that Waterton will correctly evaluate the value of the assets of a distressed investment securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such investment. Therefore, in the event that a portfolio investment does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio investments to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio investments.

Public Health Emergencies. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse

to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio investments, the General Partners and Waterton may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Tax Risks. No responsibility is assumed by the Waterton, its affiliates, or tax counsel with respect to the tax consequences of any transaction to any investor. The tax risks associated with transactions in any of the Funds are complicated and may not apply in the same manner to all limited partners. Each investor should obtain the advice of its own tax advisor regarding the effect of an investment in the Funds on its specific situation. There can be no assurance that any of the tax benefits to be claimed by the Funds or the allocation of items of income, gain, loss, deduction and credit among its limited partners will not be challenged by the Internal Revenue Service (the "IRS") and that such challenge will not be sustained by the courts.

Environmental, Social and Governance ("ESG") Matters. Waterton maintains an ESG Policy and seeks to integrate certain material ESG factors into its investment process in accordance with its Policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. Applying ESG factors to investment decisions is subjective by nature, and Waterton expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG. There can be no guarantee that the criteria utilized by Waterton, or any judgment exercised by Waterton, will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, Waterton's ESG Policy and associated ESG practices are expected to evolve over time. Although Waterton views the integration of material ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, Waterton cannot guarantee that its ESG program will positively impact the performance of any individual investment or Fund. For the avoidance of doubt, however, Waterton does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

The materiality of ESG factors depends on many factors, including the relevant industry, location, asset class, and investment strategy. ESG factors, issues, and considerations do not apply in every instance and will vary by Fund and investment. In addition, in evaluating an investment, Waterton expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Waterton to incorrectly assess an investment's ESG

practices and/or related risks and opportunities. Waterton does not intend independently to verify all ESG information reported by investments or third parties.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by asset managers, and Waterton's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted "anti-ESG" policies, legislation, or initiatives or issued related legal opinions. Waterton's ESG practices could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and Waterton cannot guarantee that its current approach including the ESG Policy and associated ESG practices will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new regulatory requirements is expected to lead to increased management burdens and costs.

Force Majeure and Climate Change Risks. Investments may be affected by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a portfolio investment or other service provider) to perform its obligations until it is able to remedy the force majeure event. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on portfolio investments. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which Waterton Funds may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio investments or its assets, could result in a loss to Waterton Funds, including if the investment is canceled, unwound or acquired (which could be without adequate compensation). Prolonged changes in climatic conditions may have significant impact on the revenues, expenses and conditions of certain Waterton Fund investments. While the precise future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea 48 levels and the severity and frequency of storms and other severe weather events. These natural occurrences could cause certain portfolio investments and other service providers to incur expenses to prevent damages. Any of the foregoing may therefore adversely affect the performance of Waterton Fund and their investments, and could render insurance coverage unavailable or cost prohibitive.

Potential Environmental Liabilities. Under various federal, state and local laws, ordinances and regulations, as a current or former owner or operator of real property, a Fund is potentially liable for costs and damages resulting from the presence or discharge of hazardous or

toxic substances on, in, under or migrating from such property, including costs to investigate and clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability could be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines or other costs could exceed the value of the property and such Fund's aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at a Fund's properties could expose such Fund to third-party liability for costs of remediation and personal or property damage, materially and adversely affect a General Partner's ability to operate, sell, lease or develop the properties or to borrow using such property as collateral, which could have an adverse effect on a Fund's return from such investment. Even in cases where a Fund is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Fund to achieve enforcement of such indemnities.

In addition, environmental laws could create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on a Fund's property, environmental laws could impose restrictions on the manner in which such property is permitted to be used or businesses are permitted to be operated on such property, and these restrictions could require substantial expenditures. A Fund is permitted to acquire interests in property, with known adverse environmental conditions where it believes that the acquisition will yield acceptable risk-adjusted returns. In these cases, such Fund is permitted to underwrite the costs of environmental investigation, clean-up and monitoring and obtain appropriate environmental insurance, if appropriate.

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

In addition, a Fund's operating costs and performance could be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of such Fund, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations could also restrict development and use of property.

Harmful Mold and Other Air Quality Issues. Some of Waterton's properties could potentially contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation. When excessive moisture accumulates in buildings or on building materials, mold could grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as

pollen, viruses and bacteria. Indoor exposure to radon, airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of Waterton's properties could require Waterton to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose Waterton to liability from its investments' tenants, employees and others if property damage or health concerns arise.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Waterton in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Need for Follow On Investments. Following its initial investment in a given portfolio investment, Waterton is permitted to decide to provide additional funds to such portfolio investment or consider the opportunity to increase its investment in a portfolio investment, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that any Fund will make add-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio investment in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Fund to increase its participation in a successful operation or the dilution of the relevant Fund's ownership in a portfolio investment if a third party or co-investor is permitted to invest.

Public Company Holdings. Subject to any limitation in the relevant Governing Fund Documents, a Fund is generally permitted to make investments in public companies. In addition, a Fund may hold public company investments as a result of a sale of all or a part of such Fund's investment in a portfolio investment, such as when a portfolio investment goes public or is sold to a public company for stock. As a result, a Fund's investment portfolio generally is permitted to contain debt and/or equity securities issued by publicly held companies. Such investments subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Waterton's principals, and increased costs associated with each of the aforementioned risks.

Lack of Unilateral Control. Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio investment, in certain circumstances it may not have unilateral control of the portfolio investment. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or is subject to terms and conditions imposed by portfolio investment lenders, the relevant portfolio investment may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the relevant Fund or its limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio investments in a manner that maximizes or protects value.

Limited Access to Information. Limited partners' rights to information regarding a Fund, the relevant General Partner or Waterton generally will be specified, and in many cases strictly limited, by the Governing Fund Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Waterton's control. Decisions by Waterton or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Waterton and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's IAC generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Waterton reserves the right to withhold certain information from investors subject to such laws for reasons relating to Waterton's public reputation, business strategy or other reasons.

Material, Non-Public Information; Other Regulatory Restrictions. As a result of the operations of Waterton and its affiliates, as well as in connection with officerships or directorships of Waterton personnel, Waterton frequently comes into possession of confidential or material, non-public information, Waterton and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Waterton's internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Waterton or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio investments owned or operated by such persons, or located in jurisdictions identified by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio investment may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio investments owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Waterton's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio investments on a timeline or in a manner deemed undesirable by Waterton or may limit the ability of one or more portfolio investments from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Sanctioned Investors. If, after subscribing to a Fund, a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "**Sanctions List**"), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including, without limitation, a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on a Fund's activities, could materially and adversely affect such Fund.

CFIUS and National Security Clearance Considerations. Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("**CFIUS**"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and

the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Fund Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or IAC rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow a Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Fund's (or any portfolio investment's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a “**Distress Event**”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Waterton, any General Partner, the Funds and/or any of their portfolio investments may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Waterton to manage the Funds and their investments, and on the ability of Waterton, any Fund or any portfolio investments to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of a Fund to access capital contributions or otherwise); the inability of a Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of Waterton or portfolio investments to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Waterton will experience operational burdens and expenses, and a Fund or a portfolio investment will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those

formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Waterton will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio investments are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio investment become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio investments, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that Waterton and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Waterton seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Waterton is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Hedging Arrangements; Related Regulations. A General Partner is authorized (but not obligated) to endeavor to manage the relevant Fund's or any portfolio investment's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds are permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio investment to hedge its exposures becomes limited by such requirements.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio investments held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent

valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio investment, Fund, General Partner, Waterton or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Waterton, the General Partners, the Funds and/or portfolio investments may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Waterton's, the General Partners', the Funds', portfolio investments' and/or service providers' operations, including the ability to make distributions to limited partners, 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 of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio investment, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio investments or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Waterton or one of its service providers holding its financial or investor data, Waterton, its affiliates or the Funds may also be at risk of loss despite efforts to prevent and mitigate such risks under Waterton's policies and practices.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the

United States, Europe and other jurisdictions (collectively, “**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 current and planned business activities of Waterton, the General Partners, the Funds and/or their portfolio investments, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties or litigation, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Waterton, the General Partners, the Funds and/or their portfolio investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Waterton, the General Partners, the Funds and/or their portfolio investments.

United Kingdom (“UK”) Exit from the European Union (the “EU”). The UK formally left the EU on January 31, 2020 (“**Brexit**”). After a transition period that ended on December 31, 2020, EU rules ceased to apply in the UK. Although the terms of the UK’s future relationship with the EU were agreed in a trade and cooperation agreement, the agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions).

There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty and disruption generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Waterton and Fund portfolio investments, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

International Conflicts. Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

Third-Party Minority Investment. Certain investment funds managed by Almanac Realty Investors, the private real estate investment arm of Neuberger Berman (the "Strategic Partner") indirectly own a passive minority equity interest in Waterton and certain of the General Partners. The Strategic Partner is not involved in the day-to-day management of Waterton, the Funds or the General Partners, and the Strategic Partner has no control over the investment decisions of the Funds. In addition, the Strategic Partner has negotiated certain minority protections and consent rights in connection with its investment in Waterton, including certain informational rights that are not available to limited partners in the Funds with respect to their investments in the Funds. Although Waterton intends to maintain operations, strategy and investment decisions separate from the Strategic Partner, the Strategic Partner, as an indirect beneficiary of Waterton, may have an incentive to direct Waterton towards certain investments or other business transactions.

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 that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Waterton who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Waterton to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

Changes to Benchmark Rates. To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("**LIBOR**"), Secured Overnight Financing Rate ("**SOFR**") or other rates (each, a "**Benchmark Rate**"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio investments; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Secondaries and other General Partner-Led Transactions. There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and Waterton reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by Waterton following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Waterton believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Waterton and its affiliates), often on different terms than their original investment in the relevant Fund. However, certain of such transactions are expected to involve: a limited partner investing (or being required to invest) additional capital in the existing

Fund and/or other investment vehicle; a greater exposure to one or more particular portfolio investments; and/or a delay in the full liquidation of the relevant Fund's investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio investment will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Waterton or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Waterton or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Waterton, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent Waterton requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Waterton in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified ratios to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation to make investments in portfolio investments with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Waterton reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant IAC(s) prior to the closing of the transaction, there can be no assurance that Waterton will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Fund or any individual limited partner or group of limited partners. However, Waterton reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Fund Documents. Waterton is permitted to seek the consent of the relevant Fund IAC(s) to waive conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

Social Media and Publicity Risk. The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding Waterton, the Funds or one or more portfolio investments could have a material and adverse effect on the value of the Funds.

Leveraged Nature of Mezzanine Investments. The portfolio investments in which certain Funds are expected to invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on an investment, in addition to the burden of debt service, and will constrain its ability to finance future operations and capital needs or to pay principal and interest on a Fund's investments when due. The leveraged capital structure of portfolio investments will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. A Fund's investments may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio investment cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio investment, which could adversely affect the returns of such Fund. Furthermore, the investments and securities in which certain Funds are expected to invest generally will not be rated by a credit rating agency.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing mezzanine transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which commitments of the limited partners are invested (or drawn down to be invested), limited partners generally will be required to bear Management Fees through a Fund during the investment period based on the entire amount of the limited partners' commitments and other expenses as set forth in the Governing Fund Documents.

Non controlling Investments. Certain Funds anticipate that they will principally hold debt obligations and other non controlling interests in portfolio investments and, therefore, will have a limited ability to protect such Fund's position in such portfolio investments. However, the relevant General Partner generally will seek appropriate creditor and shareholder rights to help protect a Fund's interest.

Conflicts of Interest

Waterton and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds and Accounts, and providing transaction-related, legal, management and other services to Funds and Accounts and portfolio investments of other Funds and Accounts. Waterton will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds

in an appropriate manner, as required by the Governing Fund Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Waterton conducting its activities, the interests of a Fund likely will conflict with the interests of Waterton or one or more other Funds in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Waterton will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the IACs of the participating Funds.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by Waterton principals through such Fund, subject to certain limited exceptions set forth in the Governing Fund Documents and Waterton's Allocation Policy. Without limitation, Waterton principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. Waterton personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Waterton's principals and Waterton's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Waterton principals expect to control or manage generally have the potential to compete with a Fund's investments. Following the investment period of a Fund, Waterton principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in Waterton's sole discretion, Waterton and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Fund Documents, Waterton personnel are permitted to serve on boards or act in other roles unaffiliated with Waterton, the Funds or their portfolio investments, including boards of charitable and educational institutions, public companies and former portfolio investments, and receive compensation in connection with such services and roles, and no such compensation will offset or otherwise reduce any Management Fees.

Waterton is aware of the importance of treating all Funds fairly. As a general practice, Waterton allocates investment opportunities to a Fund, and generally will not organize another Fund with substantially similar investment objectives as an existing Fund, until the earlier of such time as seventy- five to eighty percent (75% to 80%, depending on Fund offering documents) of the current Fund's capital has been committed to real estate investments or to pay Fund expenses, the acquisition period has expired or the investment does not meet the defined criteria. Waterton maintains an investor Allocation Policy for investment opportunities which aims to prioritize our multifamily value-add fund and then offer an opportunity to other Funds and Accounts.

Waterton expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Waterton. In determining which investment vehicles should participate in such investment opportunities, Waterton and its affiliates are subject to conflicts of interest among

the investors in such investment vehicles. Except as required by the Governing Fund Documents, Waterton is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Waterton in a portfolio investment also have the potential to raise the risk of using assets of one client of Waterton to support positions taken by other clients of Waterton.

Waterton must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Waterton generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Fund Documents, as well as factors including, but not limited to, investment restrictions and objectives (including those set forth in the Governing Fund Documents, where applicable), strategy, environmental considerations, returns, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life cycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliate of Waterton in the manner set forth in the Governing Fund Documents and Waterton's Allocation Policy. If an investment opportunity has return characteristics that could fit more than one Fund and/or Accounts, Waterton's Investment Committee will offer the opportunity to a Fund or Account in accordance with the Governing Fund Documents and Waterton's investor allocation policies and practices.

Following such determination of allocation among Funds, Waterton reserves the right to offer co-investment opportunities to one or more potential co-investors, including Operating Partners, vendors, service providers, and/or other third parties, as determined by the Governing Fund Documents, Side Letters and Waterton's Allocation Policy. Waterton's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the geographic location, market or industry to which the investment opportunity relates; perceived ability to quickly execute on transactions in specified timeframe; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; Waterton's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Waterton's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; and whether Waterton believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio investment, the Funds or Waterton. Although Waterton reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness

generally will not be the sole determining factor considered by Waterton in identifying co-investors. The General Partners reserve the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio investments or otherwise to have priority in co-investment opportunities. These co-investment rights are described in the applicable Governing Fund Documents.

Furthermore, Waterton or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Waterton expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties and (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the “most favored nation” provisions of a Fund’s Governing Fund Documents. In order to facilitate the acquisition of a portfolio investment, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner’s interest in limiting the Fund’s exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund could in some cases be required in accordance with the Governing Fund Documents to (i), bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio investment, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that employees and related persons of Waterton and its affiliates make capital investments in or alongside certain Funds, Waterton and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund’s return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Waterton's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations typically will be more or less advantageous to some such persons relative to others. While Waterton will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Waterton expects to be subject, discussed herein, did not exist.

In certain cases, Waterton will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Fund Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Waterton will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Fund Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio investment's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio investment. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Waterton in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio investment, Waterton expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the relevant General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Waterton expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds are expected to be prohibited from exercising (or Waterton may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. Waterton intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of Broken Deal Expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Waterton and its affiliates reserve the right to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Fund Documents, Waterton will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Waterton expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in the relevant General Partner's sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to applicable law and legal, contractual or similar restrictions, expense allocation decisions generally will be made by Waterton or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Waterton. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment. Further, Waterton reserves the right to consider each relevant Fund's strategy as a component of its allocation of investment expenses, and as a general matter will not allocate expenses associated with one Fund's equity investment to a different Fund's credit investment, or vice versa, even if the two investments are in the same portfolio investment.

Additionally, a portfolio investment or the relevant Fund typically will reimburse Waterton or service providers retained at Waterton's discretion for expenses (including, without limitation, travel expenses) incurred by Waterton or such service providers in connection with its performance of services for such portfolio investment. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Waterton personnel. This subjects Waterton and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Waterton determines the amount of these reimbursements for such services in its own discretion, subject to the Governing Fund Documents and Waterton's internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee paid or expense reimbursed to Waterton or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio investments; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, Waterton, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, expenses relating to the Funds or portfolio investments may be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio investments, the Funds or their respective investors; no such rewards will offset or otherwise reduce any Management Fees.

Waterton generally exercises its discretion to recommend to a Fund or to a portfolio investment thereof that it contract for services with certain service providers, and such service providers are expected to include: (i) Waterton or a related person of Waterton (which is permitted to include a portfolio investment of such Fund); (ii) an entity with which Waterton or its affiliates or current or former personnel has a relationship or from which Waterton or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Waterton personnel are seconded, or from which Waterton receives secondees; or (iii) certain limited partners or their affiliates. For example, Waterton expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects Waterton to conflicts of interest, because, although Waterton intends to select service providers that it believes are aligned with its operational strategies and will enhance portfolio investment performance and, relatedly, returns of the relevant Fund, Waterton has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Waterton, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Waterton), would favor such retention or

continuation even if a better price and/or quality of service could be obtained from another person. Waterton will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses. Although Waterton generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not Waterton has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Waterton reserves the right to cause a Fund to enter into a transaction whereby the Fund (i) purchases securities from, or sells securities to, other Funds managed by Waterton, or co-investors or co-investment vehicles or (ii) co-invests alongside such other Funds or co-investors. Such transactions have the potential to arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio investment owned by one Fund is acquired by a portfolio investment acquired by another Fund. In some cases a portfolio investment of one Fund will be merged with or into a portfolio investment owned by another Fund. Any of these transactions raise potential conflicts of interest, including where: (i) the investment of one Fund supports the value of portfolio investments owned by another Fund; or (ii) the transaction allows Waterton or its affiliates to realize carried interest or receive future management fees or other compensation with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Governing Fund Documents or otherwise in the sole discretion of Waterton, Waterton reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker paid for by the relevant Fund(s) to opine as to the fairness or "arm's-length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of Waterton) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's IAC) to such transactions. Waterton reserves the right to determine that the willingness of a third party to make an investment on the same or similar terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions and therefore determine not to obtain a consent or fairness opinion (except where required by applicable law). Waterton intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Further, cross transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances Waterton generally will not seek a fairness opinion or IAC consent given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Governing Fund Documents.

Although Waterton generally structures Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any Waterton affiliate,

in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds.

Waterton and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in or who were employed by portfolio investments owned by the Funds or other investment vehicles advised by Waterton and/or its affiliates; conversely, current or former personnel or executives of Waterton and/or its affiliates are expected to serve in significant management roles at portfolio investments or service providers recommended by Waterton. Similarly, Waterton, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio investment finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio investment executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Waterton and/or its affiliates and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Waterton entities, whether or not relating to financing Waterton personnel obligations to fund General Partner commitment obligations) to Waterton personnel and their estate planning vehicles. Waterton expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Waterton information about markets and industries in which Waterton operates (or is contemplating operations) or will provide other services that are beneficial to Waterton or one or more other Funds. Waterton expects to be subject to a potential conflict of interest in making such recommendations, in that Waterton has an incentive to maintain goodwill between it and the existing and prospective portfolio investments for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio investments.

Waterton, its affiliates, and equity holders, officers, principals and employees of Waterton and its affiliates reserve the right to buy or sell securities or other instruments that Waterton has recommended to a Fund. In addition, officers, principals and employees reserve the right to buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including Broken Deal Expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Governing Fund Documents and any related policies and procedures set forth in Waterton's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Waterton have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio investments directly or indirectly, as well as in investment

vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, a General Partner and its beneficial owners may intend to hold the investment for a different time period than Waterton deems suitable for the relevant Fund. Although a General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the relevant Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of a General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the relevant Fund or its limited partners.

Subject to any limitations imposed by the Governing Fund Documents and anti-“assignment” provisions of the Advisers Act, Waterton and its personnel are also permitted to offer, restructure and monetize interests in Waterton.

Because there is a fixed investment period after which capital from investors in a Fund generally can only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Waterton might not otherwise have done so.

The Governing Fund Documents provide Waterton with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect Waterton's compensation. In making such determinations, Waterton is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for Waterton or its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. Waterton expects to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case if such investments had not been made or held (or if such determination had not been made), including because of the possibility that the investments' values will appreciate in the future.

Where the Management Fee is calculated taking into account the valuation of an investment, including a determination of whether an investment has become an Impaired Value Investment, Waterton will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Fund Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, Waterton is incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Governing Fund Documents.

Waterton's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner's determination that an investment is an Impaired Value Investment, and, except as set forth in the Governing Fund Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. In making its determination, the General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Fund Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of Waterton's compensation is dependent in part on an investment's status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although Waterton intends to operate in accordance with the Governing Fund Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

Since Waterton is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Supplemental Fees are based on enterprise value, risk profile or other metrics relating to a portfolio investment, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of or services or benefits received by the portfolio investment. Additionally, Waterton, and some of its senior personnel, affiliates or others designated by Waterton expect to receive

compensation in the form of portfolio investment securities. To the extent any such securities are received, Waterton and/or such other recipients will be permitted to retain such securities as Supplemental Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio investment and/or Waterton) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund. In addition, because portfolio investment securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund's relative ownership of the portfolio investment awarding such compensation.

In certain circumstances, such as those relating to short- or long-term portfolio investment cash or liquidity needs, and regardless of whether the portfolio investment is undergoing financial stress, Waterton reserves the right to accrue, defer or forego payments of Supplemental Fees.

Waterton and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Waterton's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's IAC, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic procedural and other terms, many of which will not be subject to the "most favored nation" provisions of a Fund's Governing Fund Documents.

Waterton is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners (*e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Waterton, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Waterton, its affiliates and personnel, or the Funds). Further, Side Letters also are expected to relate to strategic relationships under which an investor agrees to make commitments to multiple Funds. Except in the circumstances and on the timing required by the Governing Fund Documents and/or applicable law, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Waterton, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Waterton to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's IAC results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional

reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more limited partners being excused or excluded from, or for regulatory, tax or other factors altering or limiting their participation in, investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown with respect to an investment. Although Waterton believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Fund Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

Waterton has incentives to use or to recommend products or services of one portfolio investment to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Waterton has incentives to maintain goodwill between it and its former, existing and prospective portfolio investments, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. Discounted prices or better terms offered by a portfolio investment to Waterton, any other portfolio investment or third parties have the potential to affect the returns of the portfolio investment.

Waterton's management company affiliate, Waterton Residential, L.L.C. (and its wholly-owned subsidiaries, collectively, "**Waterton Residential**") hosts leadership learning conference(s) consisting of training sessions for Waterton Residential's site-level property management personnel ("**Conference**"). Third party vendors will attend and sponsor a portion of the costs associated with the Conference. The Conference will also include meals, entertainment and transportation for Waterton Residential's employees. Waterton believes that vendor sponsorship and participation in the Conference is beneficial to the Funds because it provides Waterton Residential employees direct access to training and education on the services and systems used to benefit the assets. However, the sponsorship by these third party vendors creates a potential conflict of interest in that Waterton Residential's retention of such third party service providers could be viewed as a form of reimbursement for sponsoring the Conference. Waterton recognizes and acknowledges our fiduciary duty to the Funds. As such, no such events sponsored

or received by Waterton are permitted to influence our due diligence process in selecting appropriate vendors for our Funds and properties or fulfilling our fiduciary duty to the Funds.

Waterton offers property level employees a discount on its rental rates to create an incentive for employees to live at properties owned by the Funds. This practice creates a potential conflict of interest because discounted rates paid by Waterton employees may indirectly lead to lower income to the Fund owning the property. However, Waterton considers it a benefit to the Funds to have its employees living onsite at its properties, especially in the case of property management employees who will be available to provide assistance, emergency response, and oversight to the property. Moreover, the discounted rates are subject to market availability, associate occupancy limitations, and annual adjustments based on market rental rates.

Finally, some state laws and / or union labor agreements may require that Waterton offer discounted or free housing for property-level union labor associates.

Although the Governing Fund Documents generally contain broad exculpation and indemnification provisions, Waterton will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by Waterton are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Fund Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Fund Documents regardless of whether the liability and/or indemnity standards in Waterton's insurance coverage are higher or lower than that set forth in the Governing Fund Documents.

Insurance companies wholly owned and operated by Waterton and its affiliates (each, a "Captive") are permitted to provide insurance coverage for certain of the Funds and/or their respective direct and indirect assets (e.g., primary layer of insurance for certain assets, reinsurance or supplemental coverage to third-party coverage, etc.). Waterton believes that, in some cases, Captives could provide benefits to the Funds that are not available from a third-party insurance provider, including greater control over the applicable insurance program and potentially more affordable and comprehensive insurance coverages, reduction or elimination of insurance brokerage costs and lower premiums and deductibles. In determining whether to utilize a Captive as an insurance provider for certain insurance coverage(s) for a Fund, Waterton will consider such factors as it determines appropriate in its discretion under then-existing facts and circumstances. Waterton reserves the right to cause Captives to seek reinsurance for all or a portion of the applicable coverage, which could result in Waterton and its affiliates earning and retaining fees and/or a portion of the premiums associated with such insurance while not retaining all or a commensurate portion of the risk insured.

The engagement of a Captive will give rise to certain potential conflicts of interest, including with respect to the evaluation and payment of claims. Additionally, to the extent a Captive insurance policy provides coverage with respect to the Funds and/or their respective direct

or indirect assets, all or a portion of the fees and expenses (including premiums) of such insurance policy and its placement (collectively, “**Insurance Fees**”) will be allocated to the applicable vehicle or its direct or indirect assets as determined by Waterton in its discretion taking into consideration facts and circumstances deemed relevant, such as, with respect to umbrella policies, the value of each covered account’s investments and capital commitments (if applicable), the risk that such account poses to the applicable Captive and estimates of insurance premiums that would have been payable for each account’s respective properties. While Waterton expects to consider objective criteria when determining such allocations, Waterton will also take into consideration other facts and circumstances that are more subjective in nature, in part due to the uncertainty of whether claims will arise in the future and the timing of and the amount that may be involved in any such claim.

A shared insurance policy also could make it less likely that Waterton will make a claim against such policy on behalf of a Fund. In addition, a General Partner on behalf of a Fund will need to determine whether or not to initiate litigation (including potentially litigation adverse to Waterton where a Captive is the broker or provider of such insurance) in order to collect from the applicable Captive, which may be lengthy and expensive and which ultimately may not result in a financial award. The potential for Waterton to be a counterparty in any litigation or other proceedings regarding insurance claims creates a further potential conflict of interest. Waterton does not currently utilize a Captive Insurance strategy.

Any of these situations subjects Waterton and/or its affiliates to potential conflicts of interest. Waterton attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Waterton’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Waterton will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Waterton consults and receives consent to conflicts from an IAC of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

Waterton and its management persons have not been subject to any material disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Waterton Investment Adviser, L.L.C. is affiliated with other Firm investment advisers, including the General Partners and equivalent entities formed and subject to the Advisers Act pursuant to Waterton Investment Adviser, L.L.C.’s registration in accordance with SEC guidance. These advisers also include Waterton Associates L.L.C. and Waterton Enterprises L.L.C., relying advisers registered under the Advisers Act pursuant to Waterton Investment Adviser, L.L.C.’s registration. These entities operate as a single advisory business together with Waterton Investment

Adviser, L.L.C. and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Waterton Residential is a wholly-owned subsidiary of Waterton that provides property management services to the majority of the multifamily properties owned by the Funds. Waterton Hotel Management, L.L.C. is a wholly-owned subsidiary of Waterton that will concentrate its efforts on real estate investment, asset management and new hotel investment opportunities. Management of Waterton hotels is performed by unaffiliated third parties. Waterton Residential is also responsible for leasing the apartment units within the properties that it manages on behalf of the Funds. Waterton is also responsible for leasing commercial space, if any, within the properties that it manages on behalf of the Funds.

Waterton has a majority ownership interest in Outbound Hotels, a joint venture of Waterton, the Gettys Group Companies, and Incubation Capital Partners LLC (“Outbound”). Outbound is focused on making select investments in the hospitality sector. While certain Waterton principals and other personnel are expected to serve various roles with Outbound or provide services to Outbound, Waterton does not currently use Outbound to provide services to the Funds.

Waterton generally exercises its discretion to recommend to a Fund or portfolio investment thereof that it contract for services with certain service providers, and such service providers are expected to include one or more Waterton entities. As described in “Fees and Compensation” above, Waterton is expected to receive property management, construction management, accounting or other fees from the relevant portfolio investment in connection with the services that they provide to the properties that are owned by the Funds or otherwise directly from the relevant Fund. Additionally, a portfolio investment or the relevant Fund typically will reimburse a Waterton entity retained at Waterton’s discretion for expenses (including, without limitation, travel expenses) incurred by such Waterton Management Entity in connection with its services for such portfolio investment. Waterton determines the amount of these fees and reimbursements for such services in its own discretion, subject to its internal policies and practices. No such fees or reimbursements will offset or otherwise reduce any Management Fees, and the amount of such fees and reimbursements over time is expected to be substantial.

Waterton is subject to conflicts of interest in hiring its affiliates to provide these additional services to properties owned by the Funds, because, although Waterton selects service providers it believes are aligned with its operational strategies and will enhance portfolio investment performance and, relatedly, returns of the relevant Fund, Waterton has a potential incentive to recommend the related or other person because of its financial or other business interest. The fees paid to these affiliates are in addition to the fees Waterton receives directly from the Funds. Waterton will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses and the fees charged by Waterton’s affiliates may be higher than those charged by unaffiliated third parties. However, Waterton believes that the services provided by its affiliates are comparable in quality to those that would be provided by third-party service providers providing similar services. Whether or not Waterton has a

relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

By investing in the Fund, each limited partner acknowledges that these and other services will be provided by affiliates without necessarily the objectivity in evaluating quality that would apply if unaffiliated entities performed these services. Retention of such affiliates by a Fund will not be on an arm's length basis given such affiliation. In each case, Waterton believes the fees charged by its affiliates are commercially reasonable, but cannot confirm, undertakes no minimum amount of benchmarking and does not make any assurances that, such fees are at or below market rates, or will remain so during the term of a Fund. On an annual basis, the IAC of each Fund has the opportunity to review all fees paid to affiliated service providers. The use of Waterton's affiliates for these services, and the fees paid to such affiliates, are part of the overall investment in a Fund which investors accept if they invest with Waterton.

Waterton has a minority ownership interest in four senior living communities: Azpira Place of Lake Zurich, Aspired Living of Westmont, Aspired Living of Prospect Heights, and Aspired Living of La Grange. Waterton does not receive any management fees on these communities.

In addition, Waterton has an internal focus on real estate industry innovation. Waterton maintains an ownership interest in several real estate technology companies. Waterton and/or Waterton executives will make a profit to the extent these companies are ultimately successful.

Waterton is invested in a real estate proprietary technology fund ("**RE Prop Fund**") with a focus on rent technology investments. The RE Prop Fund is managed by another investment manager. Waterton and its affiliates will receive pricing discounts on certain products the RE Prop Fund invests in and will also provide Waterton with an enhanced vetting process on new technology.

Mr. Vilim serves on the Board of Directors of All Chicago Making Homelessness History, the Collaborative Applicant for HUD funding of homeless services in Chicago. On occasion, this organization may support initiatives which may be contrary to Waterton's and or it's Clients' interests. In such circumstances, Mr. Vilim will recuse himself from the specific issue or campaign and disclose any such conflict to the Clients.

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

Waterton has adopted a Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Waterton principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Firm personnel to report their personal securities transactions, prohibits or requires preclearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Firm personnel from directly or indirectly acquiring beneficial ownership of "Watch List" securities, without first obtaining approval from the Firm Chief Compliance

Officer In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to Todd Joseph, the Firm Chief Compliance Officer, at 312-476-2383. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Waterton and its affiliated persons may come into possession of material, non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Waterton and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Waterton.

Accordingly, should Waterton or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to any public or non-public company, Waterton generally would be prohibited from communicating such information to clients, and Waterton will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and/or procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Waterton personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and employees of Waterton and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio investments as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of Waterton, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio investment or through an intermediate entity in a portfolio investment's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

Waterton and its affiliates, principals and employees expect to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The Governing Fund Documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

In borrowing on behalf of a Fund, Waterton is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. The relevant General Partner generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the limited partners. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Waterton will effect such borrowings consistent with a Fund's Governing Fund Documents and in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

BROKERAGE PRACTICES

Waterton focuses on securities transactions of private real estate-related investments and generally purchases and sells such investments through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Waterton reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Waterton does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Waterton sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Waterton. In such event, Waterton will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Waterton reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Waterton has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on

the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Waterton generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Waterton seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Waterton generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of Waterton’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Waterton, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between Waterton and its affiliates.

Waterton will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, Waterton in its discretion reserves the right to cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This generally arises where Waterton has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, Waterton would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

Waterton will periodically determine which brokers have provided research that has been helpful in the management of Funds. To the extent consistent with Waterton’s goal to obtain best execution for its clients, Waterton reserves the right to seek to place a portion of the trades that it directs with the brokers who are identified through this process.

To the extent that Waterton allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution. To the extent Waterton uses “soft dollars” on behalf of the Funds, it intends to seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Waterton does not anticipate engaging in significant public securities transactions; however, to the extent that Waterton engages in any such transactions, orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of

order receipt. To the extent that orders for Funds are completed independently, Waterton also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. Waterton expects, but is not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of Waterton is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible; provided Waterton believes they are fair and equitable to its clients under the circumstances over time.

In Waterton’s private company securities transactions on behalf of the Funds, Waterton reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio investments. In determining to retain such parties, Waterton reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Waterton generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the Funds generally are private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of investments. However, Waterton monitors the Funds’ investments, and the Waterton Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) Fund audited annual financial statements; (ii) Fund unaudited quarterly financial statements; (iii) quarterly and annual capital account statements; and (iv) annual tax information necessary to complete any applicable tax returns.

CLIENT REFERRALS AND OTHER COMPENSATION

Waterton and/or its affiliates intend to provide certain business or consulting services to companies in a Fund’s portfolio and expect to receive compensation from these companies in

connection with such services. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio investment), these fees are in addition to Management Fees. See “Fees and Compensation.”

Waterton reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements generally are disclosed in the relevant Fund’s Form D. Any fees payable to any such placement agents generally will be borne by Waterton indirectly through an offset against the Management Fee under the Governing Fund Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

CUSTODY

Waterton generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2) (the “**Custody Rule**”) of assets or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance. The Funds are subject to an annual audit and the audited financial statements are distributed to each limited partner (or member or owner). The audited financial statements will be prepared in accordance with generally accepted accounting principals and distributed within 120 days of the partnership’s fiscal year end. Each Fund identifies its custodian in the Investment Manager’s Form ADV Part 1A.

INVESTMENT DISCRETION

Waterton generally has discretionary authority to manage investments on behalf of each Fund. As a general policy, Waterton does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Fund Documents, however, Waterton and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Waterton assumes this authority pursuant to the terms of the Governing Fund Documents and powers of attorney executed by the limited partners of such Fund.

VOTING CLIENT SECURITIES

The Funds primarily invest in equity and debt interests in real estate related assets which do not issue proxies. However, the Funds do conduct limited securities trading in publicly traded REITs. Waterton has developed and implemented policies and procedures to vote such proxies in accordance with its fiduciary duty. Waterton has adopted the Waterton Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Funds’ (and any Fund’s) portfolio investments. The Proxy Policy seeks to ensure that Waterton votes proxies (or similar instruments) in the best interest of the Funds, including where there may be

material conflicts of interest in voting proxies. Waterton generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Waterton may address the conflict using several alternatives, including by having the Chief Compliance Officer proposing the best course of action to the Investment Committee which is authorized to approve Waterton's vote in a particular solicitation. Waterton does not consider service on portfolio investment boards by Waterton personnel or Waterton's receipt of management or other fees from portfolio investments to create a material conflict of interest in voting proxies with respect to such investments. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Waterton when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Waterton's complete Proxy Policy or information regarding how Waterton voted proxies for particular portfolio investments may contact Todd Joseph at 312-476-2383, and it will be provided at no charge.

FINANCIAL INFORMATION

Waterton does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.