

## SLG Capital Management LLC

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of SLG Capital Management LLC, a Delaware limited liability company (“**SLG Capital Management**”). If you have any questions about the contents of this Brochure, please contact us at [Fund.Compliance@slgreen.com](mailto:Fund.Compliance@slgreen.com). 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 securities authority.

Additional information about SLG Capital Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes**

This Brochure, dated April 25, 2024, is SLG Capital Management’s initial filing.

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#### **Item 4 – Advisory Business**

This Brochure has been prepared in connection with SLG Capital Management’s initial registration with the SEC. This Brochure has been drafted to describe SLG Capital Management’s business as it is expected to operate on or after the effective date of its SEC registration. Registration does not imply a certain level of skill or training. SLG Capital Management is indirectly wholly-owned by SL Green Operating Partnership, L.P., a Delaware limited partnership (the “**Operating Partnership**”). SL Green Realty Corp., a publicly held Maryland corporation, owns 94.25% of the outstanding limited partnership interests of the Operating Partnership as of December 31, 2023 and is the Operating Partnership’s general partner. SLG Capital Management and its controlled affiliates are referred to collectively herein as “**SL Green**”.

SLG Capital Management was founded in 2024 to provide discretionary investment advisory services to one or more private investment funds (each, a “**Fund**”). The initial Fund expects to hold its first closing following the effective date of SLG Capital Management’s SEC registration. In the future, SLG Capital Management could provide advisory services, on a discretionary or non-discretionary basis, to other clients (collectively with the Fund, “**Clients**”).

The Fund(s) will invest in opportunistic real estate credit and structured equity collateralized by or otherwise related to commercial real estate properties in the New York City metropolitan area. A Fund’s investment program has specific objectives and restrictions that are described in greater detail in its offering documents (the “**Offering Documents**”). SLG Capital Management does not tailor a Fund’s investment program for any particular Fund investor (an “**Investor**”), nor does SLG Capital Management act as investment adviser to any Investor. Each Investor must reach its own determination that an investment in a Fund is consistent with the Investor’s objectives and circumstances.

#### **Item 5 – Fees and Compensation**

Detailed information regarding the fees and expenses charged to each Client will be set forth in such Client’s Offering Documents and/or agreements that govern the operations of the Client (the “**Governing Documents**”). The amount, structure and type of fees paid by a Client can vary and be negotiated. Clients could pay fees that are different from, more, or less than the fees (or types of fees) set forth in this Brochure, or more or less than similar Clients or Clients invested in similar strategies with other investment advisers. SLG Capital Management has discretion to reduce management fees and performance-based compensation in certain situations for certain Investors, as disclosed in the Offering Documents and Governing Documents of each Client.

##### **Management Fee; Carried Interest**

SLG Capital Management or an affiliate thereof generally receives from a Fund (a) an annual management fee (the “**Management Fee**”) with respect to each Investor, payable quarterly in advance, equal to 1.5% of such Investor’s aggregate commitments or, if a Fund is outside of its investment period, invested capital and (b) a carried interest equal to 20% of distributable proceeds in excess of a 9% per annum return from a Fund’s investments (the “**Carried Interest**”). The Management Fee is subject to certain offsets, as further described in a Fund’s Offering Documents and Governing Documents. An affiliate of SLG Capital Management can, in its sole discretion,

reduce, waive or otherwise modify the Management Fee and/or Carried Interest payable or distributable in respect of any Investor, and expects to do so for Investors that are affiliates and/or employees of SL Green.

SLG Capital Management deducts the Management Fee and any Carried Interest directly from a Fund. In the event the investment management agreement(s) between a Fund and SLG Capital Management are terminated, including in the case of a dissolution or liquidation of a Fund, any prepaid Management Fees will be reimbursed to a Fund pro-rata based on the portion of the period for which such fees were paid but for which services were not rendered.

The payment of the Management Fee could give rise to certain conflicts of interest. Management Fees are payable without regard to the overall success or income earned by the Clients and therefore creates an incentive for SLG Capital Management to raise or otherwise increase assets under management, including through leverage, to a higher level than would be the case if SLG Capital Management was not receiving a Management Fee.

In addition, to the extent the Management Fee is charged on the amount of capital invested by a Client, the Management Fee amounts will be higher if the advisory account has more capital invested. As a result, the Management Fee could create an incentive for SLG Capital Management to seek to draw down and deploy more capital more quickly and/or to retain investments longer than it would if the Management Fee were calculated based on capital commitments. This creates an incentive for SLG Capital Management to select and hold investments that could prove to be less profitable than might be the case absent the incentive to deploy more capital more quickly and hold investments for longer.

### **Other Fees and Compensation**

SL Green will receive an origination fee equal to 0.25% of the principal amount of each investment acquired or originated by a Fund (“**Origination Fee**”). In addition, Green Loan Services, an affiliate of SL Green, will provide restructuring, special servicing or other services with respect to some or all of a Fund’s investments and in such cases would be expected to receive customary fees from the applicable issuers and obligors (“**GLS Fees**”). In the event that a Fund acquires or makes an equity investment, or if a debt investment is converted into an equity investment, one or more affiliates of SL Green will likely be engaged to provide certain services, including construction, leasing, maintenance and property management services, and receive and retain customary fees for such services (“**RE Fees**”). Origination Fees, GLS Fees and RE Fees will not be shared with a Fund and will not offset or otherwise reduce the Management Fee (to the extent not borne or reimbursed by a subsidiary or an investment or potential investment). SLG Capital Management, therefore, has an incentive to select affiliated service providers over third parties providing the same services. See “*Selection of Service Providers*” and Item 10, Other Financial Industry Activities and Affiliations, “*Servicing Affiliates*” below.

A Fund will pay for its own and its affiliated entities’ (including its general partner’s) organizational expenses, subject to a \$2.5 million cap, and as further described in a Fund’s Offering Documents and Governing Documents (“**Organizational Expenses**”). Organizational Expenses include, without limitation, expenses relating to travel (including commercial and non-commercial aircraft and ground transportation, meals, entertainment and accommodations), printing, legal, any

depository, capital raising, accounting, tax, consulting, regulatory compliance, any administrative or other filings, and any of the foregoing expenses incurred by a placement agent, if any.

Each Fund is generally responsible for paying or reimbursing its general partner and its affiliates for all other fees, costs, expenses, liabilities and obligations relating to a Fund and/or its activities, business, subsidiaries or actual or potential investments (to the extent not borne or reimbursed by a subsidiary or an investment or potential investment) (“**Fund Expenses**”), as further described in each Fund’s Offering Documents and Governing Documents. Fund Expenses include, without limitation, the Management Fee and all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the originating, sourcing, structuring, organizing, negotiating, consummating, financing, refinancing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, leasing, servicing, developing (including costs and expenses of tenant and capital improvement), selling, valuing, winding up, liquidating, or otherwise disposing of, as applicable, subsidiaries and a Fund’s actual and potential investments (including follow-on investments therein), in connection with a real estate investment trust (“**REIT**”) subsidiary of a Fund (a “**REIT Subsidiary**”) (including fees, costs and expenses attributable to qualifying such REIT Subsidiary as a REIT and maintaining such qualification), or in seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, architects, engineers, compliance professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith (including allocable compensation of in-house service providers) and any fees, expenses and/or compensation related to transactions that were or could have been offered to co-investors or pursued with joint venture partners), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, a Fund (including any subsidiaries), SLG Capital Management, a Fund’s general partner or any affiliate on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with a Fund’s third-party administrator and administration or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), real estate title, survey, hedging, consulting (including consulting and retainer fees and other compensation paid to consultants performing investment initiatives and other similar consultants), tax and other professional services; (vii) property management, leasing, construction management, development, environmental, brokerage, sales agents and other services; (viii) reverse breakup, termination and other similar fees (it being understood that a Fund would, as determined by a Fund’s general partner, also bear reverse breakup, termination and other similar fees of any co-investors investing alongside a Fund); (ix) directors and officers liability, errors and omissions liability, crime coverage, property and casualty and general partnership liability premiums and other insurance and regulatory expenses; (x) filing, title, transfer, registration and other similar fees and expenses; (xi) printing, communications, marketing and publicity; (xii) the preparation, distribution or filing of Fund(s)-related or investment-related financial statements or other reports, tax returns, tax estimates, IRS Schedules K-1, or any other administrative, compliance or regulatory

filings or reports (including Form PF, Form SHLA, Form BE and/or other regulatory filings of a Fund's general partner, SLG Capital Management and its affiliates relating to a Fund's activities), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xiii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or its Investors; (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data; (xv) to the extent provided in a Fund's Governing Documents or otherwise approved by a Fund's general partner in its sole discretion, activities or proceedings of a Fund's advisory committee ("**Advisory Committee**") (including any reasonable out-of-pocket costs and expenses incurred by representatives of a Fund's general partner, the Advisory Committee members, permitted observers and other persons in attending or otherwise participating in meetings of the Advisory Committee); (xvi) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person or entity pursuant to a Fund's Governing Documents and advancing fees, costs and expenses incurred by any such person or entity in defense or settlement of any claim that can be subject to a right of indemnification pursuant to a Fund's Governing Documents), except as otherwise set forth in a Fund's Governing Documents; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith or any foreclosure, receivership or other workout; (xviii) any annual Investor meeting or other periodic, if any, meetings of the Investors and any other conference or meeting with any Investor(s), in each case to the extent incurred by a Fund, the general partner or any other affiliate of a Fund's general partner; (xix) except as otherwise determined by a Fund's 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 (as defined below) if it were incurred in connection with a Fund; (xx) the termination, liquidation, winding up or dissolution of a Fund and any of its constituent vehicles; (xxi) defaults by Investors in the payment of any capital contributions; (xxii) amendments, restatements or other modifications to, and waivers, consents or approvals pursuant to, a Fund's Governing Documents, the investment management agreement, side letters or similar agreements with Investors (including "most favored nations" provisions) and any other constituent or related documents of a Fund, a Fund's general partner, SLG Capital Management and any alternative investment vehicle, including the preparation, distribution and implementation thereof; (xxiii) (A) complying with any law or regulation related to the activities of a Fund (including regulatory expenses of a Fund's general partner incurred in connection with the operation of a Fund and legal fees and expenses) and/or (B) any litigation or governmental inquiry, investigation or proceeding involving a Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in a Fund's Governing Documents; (xxiv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer of interests (and admission of a substitute Investor) as contemplated by a Fund's Governing Documents; (xxv) any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of a Fund (other than Investor related taxes); (xxvi) distributions to the Investors and other expenses associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxvii) compliance or regulatory matters related to a Fund, except as set forth in a Fund's

Governing Documents; (xxviii) any travel (including the cost of using non-commercial aircraft air travel at a cost above the cost of first class commercial airfare), lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investments and disposition opportunities; (xxix) all costs and expenses associated with operating a feeder fund which invests all or substantially all of its assets in a Fund to the extent not paid by the Investors investing in such entity, including all expenses associated with its formation, management, operation, winding-up, liquidating and dissolution and with preparing and distributing such feeder fund's financial statements, tax returns and feeder fund investor reports, but not including any Investor related taxes, fees or other governmental charges levied against such feeder fund; (xxx) procuring, developing, implementing or maintaining information technology, data subscription and license-based services, research publications, materials, equipment and services, computer software or hardware and electronic equipment used in connection with providing services to a Fund (including reporting as described herein); (xxxi) any Organizational Expenses; (xxxii) any placement fees; (xxxiii) the Origination Fee, GLS Fees, and RE Fees; and (xxxiv) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Committee.

### **Allocation of Fees and Expenses**

SLG Capital Management will be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to Clients, and among Investors in Clients that are pooled investment vehicles, based on its interest in minimizing the amount of expenses borne by SL Green. SLG Capital Management intends to allocate fees and expenses in accordance with each Client's Governing Documents and in a manner that it believes in good faith is fair and equitable to Clients under the circumstances and considering such factors as it deems relevant. The allocations of such expenses will not necessarily be proportional, and any such determinations involve inherent matters of discretion (e.g., in determining whether to allocate pro rata based on number of funds or co-investors receiving related benefits or proportionately in accordance with asset size). SLG Capital Management could also face conflicts in allocating fees, expenses and liabilities that could be considered specific to one or more, but not all, Investors in a particular Client. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to Clients or their Investors.

The appropriate allocation of fees and expenses among Clients often cannot be resolved by reference to a pre-existing formula and will require the exercise of sole discretion. In addition, it is expected that Clients will bear expenses related to investments that are not consummated (i.e., broken deal expenses). SLG Capital Management will have conflicts of interest in making such determinations, and there can be no assurance that errors will not arise in such allocations, or that any allocations will reflect an entity's *pro rata* share of such expenses based on the amounts invested (or anticipated to be invested) or market value of the investment held (or anticipated to be held) by Clients, or that such allocations will not confer an economic benefit on other entities at a particular Client's expense. Similarly, the determination of whether an expense is appropriately borne by a Client or SLG Capital Management often cannot be resolved by reference to a pre-existing formula and will require the exercise of sole discretion, and SLG Capital Management will be subject to conflicts of interest in making such determinations. In particular, SLG Capital Management could be incentivized to (i) classify expenses as borne by a Client as



opposed to SLG Capital Management, and/or (ii) decrease the level or quality of third-party services provided to a Client to the extent such services are paid for by SLG Capital Management.

### **Selection of Service Providers**

SLG Capital Management and/or its personnel maintain relationships with (or could invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an Investor) in, source investment opportunities for, engage in transactions with and/or provide services (including services at reduced rates) to, SLG Capital Management or Clients. SLG Capital Management could have a conflict of interest with Clients in recommending the retention or continuation of a third-party service provider to Clients 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 advised by SLG Capital Management or its affiliates, will provide SLG Capital Management or its affiliates information about markets and industries in which SLG Capital Management operates (or is contemplating operations) or will provide other services that are beneficial to SLG Capital Management or its affiliates. SLG Capital Management could have a conflict of interest in making such recommendations, in that SLG Capital Management has an incentive to maintain goodwill between itself and Clients that SLG Capital Management or its affiliates advises, while the products or services recommended would not necessarily be the best available to Clients.

Clients can retain or pay for advisors and service providers, including accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons, asset managers, property managers, contractors, developers, leasing agents, servicers, collateral managers, special servicers and other consultants, some of which could also provide services to or have other relationships with SL Green. While SLG Capital Management will generally seek to engage and recommend advisors and service providers on behalf of Clients on the basis of the quality of the advice and other services provided, these relationships could influence SLG Capital Management's decision to select or recommend an advisor or service provider to perform services for a Client (the cost of which will generally be borne directly or indirectly by the Client). In certain circumstances, advisors and other service providers charge rates or establish other terms for advice and services provided to SL Green or any of their respective affiliates that are different from and more favorable than those charged in respect of advice and services provided to a Client. Moreover, whereas SL Green typically negotiates on a matter-specific basis the rates or amounts payable for such services, Clients could be expected from time to time to pay higher rates or amounts than they otherwise would for such services. In addition, Clients could participate in arrangements that involve payments, discounts, reimbursements or other benefits to SLG Capital Management or its affiliates.

As described above in “*Other Fees and Compensation*” and Item 10, Other Financial Industry Activities and Affiliations, “*Servicing Affiliates*” below, SL Green could engage one or more affiliates to provide services to Clients and their investments, including, but not limited to, restructuring, special servicing, construction, leasing, maintenance and property management services and other services, instead of engaging one or more third parties to provide such services. Such SL Green affiliates will receive compensation in connection with the provision of such

services. As a result, SL Green faces a conflict of interest when selecting service providers for Clients and their investments.

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

### **Performance-Based Fees**

As described in Item 5, Fees and Compensation, affiliates of SLG Capital Management will receive performance-based compensation in the form of the Carried Interest from a Fund. The receipt of performance-based compensation by affiliates of SLG Capital Management could incentivize SLG Capital Management to make investments that are riskier or more speculative than SLG Capital Management would make if affiliates of SLG Capital Management did not receive performance-based compensation. In addition, the Carried Interest could incentivize SLG Capital Management to dispose of investments earlier or use credit facilities more aggressively than it might in the absence of the Carried Interest. Furthermore, it is possible that SL Green assigns a portion of the Carried Interest to a strategic partner that acquires a minority stake in the general partner of a Client. The fact that a portion of the Carried Interest could be assigned by SL Green to third parties could result in reduced alignment of interest between SL Green and the limited partners.

## **Item 7 – Types of Clients**

SLG Capital Management offers advisory services to the Fund(s) and could in the future provide advisory or other services to other Clients, which could include other private funds or institutions. Interests in a Fund and any future Clients will only be sold to Investors who meet qualification requirements under applicable securities and other laws.

The Offering Documents for each Client will describe any criteria that must be met in order to invest, including minimum investment amounts and net worth, net assets or other sophisticated investor qualifications. The minimum capital commitment required for an investment in a Fund is currently \$25 million, although lesser amounts can be accepted by a Fund's general partner in its sole discretion.

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

### **Investment Strategies**

As described above in Item 4, Advisory Business, SLG Capital Management currently seeks to invest Fund assets in opportunistic real estate credit and structured equity in the New York City metropolitan area, collateralized by or otherwise related to high-quality commercial real estate properties. Each Fund will seek to achieve its investment objective through investments in distressed or dislocated capital structures secured by real estate with a primary geographic focus on the New York metropolitan area and asset classes including office, retail and residential properties. The Fund(s) are expected to utilize a versatile set of investment strategies comprised of (i) discounted acquisitions of loan portfolios, (ii) discounted acquisitions of performing single-asset loans, (iii) new loan originations, (iv) funding of 'good news' money in commercial real estate transactions, (v) discounted acquisitions of non-performing loans ("NPLs") and (vi)

discounted acquisitions of controlling class bonds within the commercial mortgage backed securities (“**CMBS**”) market; the foregoing investment strategies could result in a Fund holding real estate owned (“**REO**”) assets in the event of a foreclosure, deed or assignment in lieu of foreclosure, or similar disposition. The resultant portfolio of structured real estate credit investments aims to generate attractive risk-adjusted returns while mitigating risk as a result of embedded structural protections and additional credit enhancement provisions arising from the nature of these investments being debt investments.

### **Investment Strategy Risks**

Investors should be aware that investment mandates are limited to certain types of investments, and are not diversified. SLG Capital Management does not intend to provide a complete investment program for Investors and expects that the assets it manages will not represent all of an Investor’s assets. The investment strategies employed by SLG Capital Management subject Clients to various risks that an Investor should be prepared to bear, including the risk of loss of some or all of its investment. SLG Capital Management’s advisory services are not suitable for every Investor; they are intended only for sophisticated Investors who can understand and accept the risks associated with investments in real estate credit and structured equity, including the partial or total loss of such investment. Investing in any Client involves the risk that the Client will not achieve its investment objective. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss. A Client’s performance can vary based on credit performance, market fluctuations caused by such factors as economic and political developments, changes in interest rates, and perceived trends in asset prices. Additionally, each Fund’s investment mandates are expected to be limited to certain types of investments and not be diversified.

The following is a description of certain important risks associated with SLG Capital Management’s investment strategies and the asset classes in which Clients invest. Additional information on the risks associated with becoming, or investing in, a Client and conflicts faced by SLG Capital Management is provided through “Supplemental Disclosures”, such as offering memoranda for pooled investment vehicle Clients. Prospective Investors should carefully consider the risks associated with SLG Capital Management’s investment approach and investments including, but not limited to, those discussed below and set forth in the applicable Supplemental Disclosures. Before becoming or investing in a Client, prospective Investors should consult their own legal, tax and financial advisors as to all of these risks.

### **General Risks**

The following is only a general overview of risks and qualified by the particular Offering Documents and Governing Documents of each Client.

### **Real Estate Risks**

The Fund(s) will invest in debt and structured equity investments secured by or related to real estate across various asset classes with a primary focus on the New York City office sector, and will thus be subject to risks related to real estate generally and the New York City real estate market in particular. Real estate investments are relatively illiquid, which tend to limit a Fund’s ability to

vary its portfolio promptly in response to changes in economic or other conditions. General real estate risks include the risks incident to the ownership and operation of real estate and real estate-related businesses and assets, including changes in the general economic climate, local, national or international conditions (e.g., an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of tenants, buyers and sellers of properties, changes in operating costs and expenses, changes in taxes, changes in energy pricing, risks due to dependence on cash flows, uninsured losses or delays from casualties or condemnation, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, interest rate levels, environmental liabilities, contingent liabilities, risks and operations arising from construction problems or similar liabilities, successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property), acts of God, acts of war (declared or undeclared), terrorist acts, work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors and other factors beyond the control of a Fund's general partner, SLG Capital Management, each Fund and their respective affiliates. In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values. All of these factors could reduce or extinguish anticipated returns of a Fund.

### **Economic Conditions**

The real estate industry generally and the success of a Fund's investment activities in particular will both be affected by general economic and market conditions in the United States, as well as by changes in applicable laws, and national and international political and socioeconomic circumstances. These factors affect the level and volatility of prices and liquidity of the investments, which could impair a Fund's profitability and result in losses. Further, any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the investments. A Fund's performance can be affected by deterioration in public markets and by market events, particularly as such events impact New York City and the performance of the New York City real estate market. The impact of market and other economic events can also affect a Fund's ability to raise funding to support its investment objective and the level of profitability achieved on realizations of investments. In addition, general fluctuations in the market prices of investments and interest rates can affect a Fund's investment opportunities and the value of the investments.

### **General Credit Risks**

The Fund(s) currently intend primarily to invest in real estate loans and other debt instruments or obligations secured by real estate, and a Fund could be exposed to losses resulting from default and foreclosure of any such loans or interests in loans in which it has invested. Therefore, the value of any underlying collateral, the creditworthiness of borrowers and the priority of liens are each of great importance in determining the value of the investments. No guarantee can be made regarding the adequacy of the protection of a Fund's security in the loans or other debt instruments in which it invests. Moreover, in the event of foreclosure, a Fund or an affiliate thereof can assume direct

ownership of any assets collateralizing such foreclosed loans. The liquidation proceeds upon the sale of such assets can fail to satisfy the entire outstanding balance of principal and interest on such foreclosed loans, resulting in a loss to a Fund. Any costs or delays involved in the effectuation of loan foreclosures or liquidation of the assets collateralizing such foreclosed loans will further reduce proceeds associated therewith and, consequently, increase possible losses to a Fund. In addition, no assurances can be made that borrowers or third parties will not assert claims in connection with foreclosure proceedings or otherwise, or that such claims will not interfere with the enforcement of a Fund's rights.

### **Future and Past Performance**

The performance of SL Green's and its principals' (the "**Principals**") prior investments are not necessarily indicative of a Fund's future results. While a Fund's general partner intends for a Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of total principal is possible. The investments will differ from previous investments made by SL Green or the Principals in a number of respects. Accordingly, Investors should draw no conclusions from the performance of any other prior investments made by SL Green or the Principals and should understand that the investments are not guaranteed to achieve similar returns.

### **Concentration of Investments**

The Fund(s) intend to participate in investments primarily in the New York City office sector. As a result, a Fund's investment strategy does not provide any geographic diversification of risk and also does not provide sector and tenant diversification since the investments are expected to be primarily related to commercial real estate comprising office assets. The New York City real estate market is complex and can be affected by additional factors such as trends in business climate, especially the technology, legal, banking and finance industries, as well as the ascendancy or decline of local neighborhoods. Real estate assets located in New York City can also be subject to a sustained risk of terrorist activity and attack, as well as risks resulting from climate change. In addition, tenants in large commercial office buildings tend to be large, multi-national corporations and other significant businesses. The performance of these businesses can be correlated such that multiple tenants will experience financial distress at the same time based on economic factors affecting the broader economy or a particular sector of the economy. Further, because these types of tenants occupy significant amounts of space within a building, the bankruptcy, departure or other adverse event affecting a single tenant can have an outsized impact on a Fund's underlying portfolio of investments. As a result of a lack of geographic, sector and tenant diversification, the performance of the underlying assets will likely be correlated, making an investment in a Fund more susceptible to volatility or sudden downturns than a geographically diversified portfolio of properties.

### **Investments in Undervalued Assets**

The Fund(s) can invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity

for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the investments cannot be guaranteed to adequately compensate for the business and financial risks assumed. A Fund could also incur substantial losses related to assets purchased on the belief that they were undervalued by their sellers, if they were not in fact undervalued at the time of purchase. A Fund could be required to hold such assets for a substantial period of time before realizing their anticipated value and there is no assurance that the value of the assets would not decline further during such time. Moreover, during this period, a portion of a Fund's assets would be committed to those assets purchased, thus preventing a Fund from investing in other opportunities. In addition, a Fund could finance such purchases with borrowed funds and thus will have to pay interest on such borrowed amounts during the holding period.

### *Credit Ratings*

In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings could change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency could fail to change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings do not reflect the issuer's current credit standing. A Fund could incur losses if it makes investments based on credit ratings that subsequently change in a way not favorable to a Fund's investment objective.

### *Lack of Sufficient Investment Opportunities*

The activity of identifying, completing and realizing attractive debt-oriented real estate investments has from time to time been highly competitive, and involves a high degree of uncertainty. The Fund(s) will be competing for the investments with many other real estate investment vehicles, as well as individuals and companies, REITs, open-ended funds, closed-ended funds, financial institutions (e.g., mortgage banks and pension funds), hedge funds and investment funds affiliated with other financial sponsors or institutional investors, private equity and debt investors, and credit vehicles. Further, over the past several years, many real estate investment funds, REITs and other vehicles have been formed for the purpose of investing in debt-oriented real estate investments and many such existing funds and vehicles have grown substantially in size and others have consolidated (resulting in larger funds and vehicles). As a result, a significant amount of capital is available for debt-oriented real estate investments. Additional funds, REITs and other vehicles with similar investment objectives could be formed in the future by other unrelated parties and further consolidation could occur. Consequently, it is possible that competition for appropriate investment opportunities could increase, thus reducing the number of investment opportunities available to a Fund and adversely affecting the terms upon which investments can be made. A Fund could incur negotiation, due diligence or other costs on investments that are not consummated. As a result, a Fund would not be able to recover all of its costs, which would adversely affect returns. There can be no assurance that debt-oriented real

estate investments of the type in which a Fund seeks to invest will continue to be available for a Fund's investment activities, that available investments will meet a Fund's investment criteria or that a Fund will be able to fully invest its committed capital. Further, to the extent suitable investments are available, there can be no assurance that (i) a Fund will meet all financial or other requirements (e.g., having a minimum amount of assets under management) to acquire the investments, or (ii) if such investments are made, the objective of a Fund will be achieved. Certain markets in which a Fund seeks to invest are extremely competitive for attractive investment opportunities and, as a result, there could be reduced expected investment returns.

#### *Future Investments Unspecified*

Except for a Fund's general investment guidelines and warehoused investments as disclosed in its Governing Documents, there is no information as to the nature and terms of any investments that a prospective Investor can evaluate when determining whether to invest in a Fund. Investors will not have an opportunity to evaluate for themselves or to approve the investments. Investors will be relying on the ability of a Fund's general partner and/or SLG Capital Management to identify and evaluate the investments to be made by a Fund. There can be no assurance that a Fund's general partner and/or SLG Capital Management will be able to identify, or a Fund will be able to complete, investments that satisfy a Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values.

#### *Need for Follow-On Investments*

Following its initial investment in any investment, a Fund and/or other equity or debt investors in the investment in which a Fund invests could decide to invest additional funds in such investment or could have the opportunity to increase their respective investments in such investment by investing in additional real estate assets related thereto (whether for opportunistic reasons, to fund the needs of the investment, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund or such other persons will make such additional investments or that a Fund or such persons will have sufficient funds to make all or any of such investments (including an event of default under applicable debt documents). Any decision by a Fund or such persons not to make follow-on investments or their inability to make such investments could have a substantial negative effect on a particular real estate asset in need of such an investment and a Fund's financial performance.

#### *Dynamic Investment Strategy*

While the Fund(s) generally intend to seek attractive returns primarily through making investments in senior and subordinated debt and debt-like securities (including preferred equity and equity issued alongside debt) related to real estate across a number of asset classes as described in a Fund's Offering Documents, SLG Capital Management, on behalf of a Fund, could pursue additional investment strategies, adjust its investment strategy and modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. SLG Capital Management, on behalf of a Fund, could (subject to the terms of a Fund's Governing Documents) adjust the investment strategy and guidelines at any time in light of changing market conditions or other considerations. SLG Capital Management, on behalf of a Fund, could pursue investments outside of the sectors or regions in which the Principals have previously made

investments and/or pursue investments (or have a focus on certain investments) not initially intended. Any projections or estimates regarding the number, size or type of investments that a Fund could make (or similar estimates) are estimates based only on SLG Capital Management's intent as of the date of such statements and are subject to change due to market conditions and/or other factors (e.g., SLG Capital Management could determine to pursue, on behalf of a Fund, one or more investment opportunities that are larger or smaller than any target range disclosed to prospective Investors).

#### No Assurance of Investment Return

SLG Capital Management cannot provide assurance that they will be able to choose, make, and realize any particular investment on behalf of a Fund. There can be no assurance that a Fund will be able to generate returns for the Investors or that the returns will be commensurate with the risks of investing in the type of entities and transactions described herein. There can be no assurance that any Investor will receive any distribution from a Fund. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. Past activities of investment entities associated with SL Green are not necessarily indicative of future success. There can be no assurance that projected or targeted returns for a Fund or any of its investments will be achieved.

#### Leverage

The Fund(s) (through one or more direct or indirect subsidiaries) intend to employ leverage in the acquisition, operation and ownership of its investments and could refinance their investments, if desirable. Debt could take the form of a warehouse line of credit, selling A-Notes, or utilizing credit facilities. Such use of leverage generally magnifies a Fund's opportunities for gain and its risk of loss from a particular investment. A Fund or such subsidiaries could make use of leverage by incurring or having an entity incur debt to finance a portion of its investment in such entity, including in respect of the investments not rated by credit agencies. In addition, recourse debt, which each Fund reserves the right to obtain, could subject other assets of a Fund and the Investors' commitments to risk of loss. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets could be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it could be difficult to obtain or maintain the desired degree of leverage on terms that SLG Capital Management believes are reasonable. The use of leverage by a Fund and/or its subsidiaries will also result in interest expense and other costs that could end up not being offset by distributions made to a Fund or appreciation of or income from its investments. A Fund could provide guarantees in order to secure such leverage. 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 an investment, a Fund could end up not achieving an exit capitalization rate consistent with its forecasts. Moreover, certain entities in which a Fund will invest generally will not be rated by a credit rating agency. A Fund could also borrow money or guaranty indebtedness (e.g., a guaranty of an entity's debt subject to certain limitations in each Fund's Governing Documents). Each Fund (through one or more direct or indirect subsidiaries) is permitted to incur leverage on a joint and several basis with one or more other investment funds and entities managed by SLG Capital Management and could have a right of contribution, subrogation or reimbursement from or against such entities. In addition, if a Fund, directly or indirectly, incurs leverage (or provides such guaranties), such amounts could be secured



by commitments made by a Fund's Investors and such Investors' contributions could be required to be made directly to one or more lenders instead of a Fund. The amount of leverage that a Fund could utilize at any time could be large in relation to its capital. Finally, leverage could include so-called "balloon" payments at maturity if leverage is not fully amortized by maturity and such "balloon" payments could be difficult or even impossible to refinance on attractive terms, thus potentially magnifying losses in respect of leveraged investments.

Additionally, the inability to obtain debt or to obtain enough debt on terms deemed appropriate by SLG Capital Management could materially and negatively impact a Fund's ability to implement its strategies and seek its targeted returns. Continued concerns about the systemic impact of inflation, energy costs, geopolitical issues, the availability and cost of credit and the U.S. mortgage and real estate markets have contributed to increased market volatility and diminished expectations for the U.S. economy.

### Use of Credit Facilities

A Fund, through one or more direct or indirect subsidiaries, is also permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called or based on a pledge of Fund assets. The use of such facilities will be determined by a Fund's general partner, and the performance of a Fund could be impacted by how a Fund's general partner causes a Fund to utilize such facilities. Although the use of such a facility could increase a Fund's ability to swiftly invest capital, it also will subject the Investors to certain risks and costs. For example, because amounts borrowed under a subscription-backed credit facility typically are secured by pledges of a Fund's general partner's right to call capital from the Investors, the Investors could be obligated to contribute capital on an accelerated basis if a Fund fails to repay the amounts borrowed under a subscription-backed credit facility or experiences an event of default thereunder. Moreover, any Investor claim against a Fund would likely be subordinate to a Fund's obligations to a subscription-backed credit facility's creditor.

In addition, Fund-level borrowing will result in incremental Fund expenses that will be borne by Investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a credit facility, an upfront fee for establishing a credit facility, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a credit facility's interest rate is based in part on the creditworthiness of the Investors and the terms of a Fund's Governing Documents, it could be higher than the interest rate an Investor could obtain individually. To the extent a particular Investor's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact an Investor's overall individual financial returns even if it increases a Fund's reported net returns in certain methods of calculation.

A credit agreement could contain other terms that restrict the activities of a Fund and the Investors or impose additional obligations on them. For example, a credit facility might impose restrictions on a Fund's general partner's ability to consent to the transfer of an Investor's interest in a Fund. In addition, in order to secure a credit facility, a Fund's general partner could request certain financial information and other documentation from the Investors to share with lenders. A Fund's

general partner will have significant discretion in negotiating the terms of any credit facility and could agree to terms that are not the most favorable to one or more of the Investors.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a credit facility allows a Fund's general partner to fund investments and pay Fund 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 credit facility could cause short-term liquidity concerns for the Investors that would not arise had the relevant Fund's 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. A Fund could also utilize Fund-level borrowing when a Fund's 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, the Investors would end up with increased exposure to the underlying investment, which could result in greater losses.

#### Potential Restrictive Covenants in Credit Facilities

The Fund(s) will enter into credit facilities with one or more lenders in order to finance their operations (including the acquisition of the investments and/or to bridge capital calls). It is anticipated that any such credit facilities will contain a number of covenants that, among other things, could restrict the ability of the Fund(s) to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make expenditures, distributions or capital calls; (iv) create liens on assets; (v) enter into leases, investments or acquisitions; (vi) consent to transfers of interests; (vii) make amendments to the Governing Documents of a Fund; or (viii) engage in certain transactions with affiliates, and otherwise restrict activities of the Fund(s) without the consent of the lenders. In addition, such credit facilities would likely require a Fund to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements.

#### Increase in Market Interest Rates

SL Green expects rising interest rates to increase demand for non-bank commercial real estate lending and create opportunities for the Fund(s). However, Investors should bear in mind that interest rates could also decrease the access third parties have to credit or the amount they are willing to pay for a Fund's assets. Additionally, if interest rates increase, so could a Fund's interest costs for new debt, including variable rate debt obligations under any credit facility or other financing. Rising interest rates could limit a Fund's ability to refinance existing debt when it matures or cause it to pay higher interest rates upon refinancing, which would negatively impact liquidity and profitability.

#### Risks of Derivatives

The Fund(s) could use derivative instruments and techniques in order to hedge interest rate and currency risk to which it is subject. In addition to the general risks involved in any hedging

activities, engaging in derivative transactions creates specific risks. The prices of all derivative instruments, including options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends on the price of the securities or other instruments underlying them. Additionally, a Fund will be subject to the risk of the failure of any of the exchanges on which it trades derivative instruments or of their clearing houses.

There can be no assurance that a Fund's hedging activities will have the desired effect on the performance of the Fund. The use of hedging transactions involves certain risks, including (i) the possibility that interest rates fluctuate in a manner that would have led to better performance for a Fund if the Fund had not entered into such a transaction, (ii) the risk of imperfect correlation between the risk being hedged and the instrument used to hedge such risk, and (iii) potential lack of liquidity for the instrument used to hedge the risk. Engaging in hedging transactions could result in worse overall performance for a Fund than if it had not engaged in any such hedging transactions.

Certain hedging arrangements could create for a Fund's general partner and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission ("CFTC") or other regulator or comply with an applicable exemption. Losses could 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 an investment to hedge its exposures becomes limited by such requirements.

#### Counterparty Risks in Derivative Transactions

A Fund could effect hedging or other derivative transactions in "over-the-counter" or in "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the applicable contract (whether or not such dispute is bona fide) or because of a credit or liquidity problem, causing a Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events could intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. A Fund's general partner has no internal credit function that evaluates the creditworthiness of a counterparty in such a transaction. Further, while a Fund's general partner will take great care in selecting brokers or dealers who will maintain custody of certain of a Fund's assets held as margin or other collateral for a Fund's borrowings, there is a risk that any of such brokers or dealers could become insolvent. It is expected that all Fund assets that are deposited with such brokers or dealers will be held in such brokers' or dealers' "street name" and hence a Fund will be exposed to a credit risk with respect to such parties. During the global recession, several prominent financial market participants failed or nearly failed to perform their contractual obligations when due - creating a period of great uncertainty in the financial markets, government intervention in certain markets and in certain failing institutions, severe credit and

liquidity contractions, early terminations of transactions and related arrangements, and suspended and failed payments and deliveries.

### *Systemic Risk*

Credit risk could arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs. A default by one institution could cause a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and would adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which a Fund interacts. A systemic failure could have material adverse consequences on a Fund and on the markets for the assets in which a Fund seeks to invest.

### *Restricted Nature of Investment Positions; Valuations*

Generally, there will be no readily available market for Fund investments, and hence, most of the investments will be difficult to value and could require a Fund’s general partner to estimate, in accordance with its established valuation policies, the value of the investments on a valuation date. Independent appraisals of such investments are typically not obtained. Further, because of the overall size and concentrations in particular markets, including the real estate market, the maturities of positions that are held by a Fund from time to time and other factors, the liquidation values of the investments could differ significantly from the interim valuations of these investments derived from the valuation methods described herein. If a Fund’s general partner’s valuation should prove to be incorrect, the stated value of the investments could be adversely affected. A Fund’s general partner is permitted to delegate its valuation responsibilities to any other person (including its affiliates) in its discretion. Absent bad faith or manifest error, valuation determinations of a Fund’s general partner (or its delegate) will be conclusive and binding on the Investors. Valuation of the types of assets in which a Fund expects to invest are inherently subjective. In addition, a Fund’s general partner has an interest in determining higher valuations in order to be able to present better performance to prospective Investors. In certain cases, a Fund could hold an investment in an issuer experiencing distress or going through bankruptcy. In such a situation, a Fund’s general partner could continue to place a favorable valuation on such investment due to a Fund’s general partner’s determination that the investment is sufficiently secured despite the distressed state or bankruptcy of the issuer. However, no assurances can be given that this assumption is justified or that such valuations will be accurate in the short or long term.

In addition, during the dissolution of a Fund, certain investments could be distributed in kind to the Investors and it could be difficult to liquidate such investments received at a price or within a time period that is determined to be ideal by such Investors. After a distribution of an investment is made to the Investors, many Investors could decide to liquidate such investment within a short period of time, which could have an adverse impact on the price of such investment. The price at which such investments are sold by such Investors could be lower than the value of such investments determined pursuant to a Fund’s Governing Documents, including the value used to determine the amount of the Carried Interest available to a Fund’s general partner with respect to such investments.

### Reliance on Key Management Personnel

The success of a Fund will depend, in large part, upon the skill and expertise of the management of a Fund's general partner and SLG Capital Management under the leadership of the Principals. If a Fund's general partner were to lose the services of the Principals, the financial condition and operations of a Fund will likely be materially adversely affected. There can be no assurance that the current Principals will continue to be affiliated with a Fund throughout its term or that the relative ownership of a Fund by SL Green will not change at any time in the future. There is ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that a Fund's general partner's and SLG Capital Management's personnel will not be solicited by and join competitors or other firms and/or that a Fund's general partner and SLG Capital Management will be able to hire and retain any new personnel that it seeks to add to its team of investment professionals. The loss or reduction of service of one or more of the Principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, a Fund's professionals involved with a Fund are not dedicated exclusively to a Fund and will have other responsibilities for SL Green. Conflicts of interest are likely to arise in allocating management time, services or functions, including with respect to allocating such management time, services or functions to a Fund.

### Inability to Execute Business Plan

There can be no assurance that a Fund's general partner or SLG Capital Management will be able to execute the business plan for a Fund or any or all of the investments. Unforeseen factors could arise that a Fund's general partner and SLG Capital Management are not in a position to control, which could interrupt a Fund's investment program and/or negatively impact returns on the investments. For example, opportunities to renegotiate or restructure existing, unfavorable debt with respect to a Fund investment could be limited due to the existence of conflicting priorities of other lenders or other third parties. Alternatively, with respect to investments by a Fund in a real estate-related loan or debt security, despite seeking contractual protections against such exposure, a Fund could still be subject to borrowers re-paying such mortgage debts earlier than anticipated and as such, be exposed to downside prepayment risk, which could impact the returns with respect to such an investment. Furthermore, an applicable tax regime or regulation, such as planning or zoning regulations with respect to development projects at properties related to an investment by a Fund that would have made such Fund investment desirable could be subsequently varied or amended and, as a consequence, a Fund investment would no longer achieve the same returns as originally anticipated.

### Due Diligence

While a Fund performs due diligence in connection with each of its investments, there is a risk that the documentation relating to an investment contains a material statement, omission or misrepresentation that would cause a Fund's general partner and SLG Capital Management to inaccurately assess such investment.

### Expedited Investment Decisions

Investment analyses and decisions by a Fund's general partner and SLG Capital Management could frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to a Fund's general partner and SLG Capital Management at the time of making an investment decision could be limited. Therefore, no assurance can be given that a Fund's general partner or SLG Capital Management will have knowledge of all circumstances that could adversely affect an investment. In addition, a Fund's general partner and SLG Capital Management could rely upon independent consultants and other sources in connection with its evaluation of proposed investments, and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants or other sources or to a Fund's right of recourse against them in the event errors or omissions occur.

### Third Party Co-Investment; Reliance on Third-Party Joint Venture Partners and Managers

A Fund is permitted to co-invest through partnerships, joint ventures or other entities with one or more third parties as a co-venturer, co-lender or partner, including with the seller (or an affiliate thereof) of the investment, a person involved in the selling or acquisition of the investment, an Investor in a Fund (or other vehicle controlled by SL Green) or other third parties. Such investments could involve risks not present in investments where a third party is not involved, including the possibility that: (i) a Fund and such co-venturer, co-lender or partner, or any of them, could reach an impasse on a major decision that requires the approval of parties other than a Fund; (ii) any co-venturer, co-lender or partner of a Fund could at any time have economic or business interests or goals that are inconsistent with those of a Fund; (iii) any co-venturer, co-lender or partner could encounter liquidity or insolvency issues or could become bankrupt; (iv) any co-venturer, co-lender or partner could be in a position to take action contrary to a Fund's investment objective; (v) any co-venturer, co-lender or partner could take actions that subject the investment or related property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances a Fund could be liable for actions of any co-venturers, co-lenders or partners. The co-venturer, co-lender or partner could be a joint venture partner or interest holder in another joint venture or other vehicle in which SL Green has an interest or otherwise controls. A co-venturer, co-lender or partner could also be entitled to receive payments from, or allocations or performance-based compensation (e.g., carried interest) in respect of, a Fund as well as such investments, and in such circumstances, any such amounts could be treated as a Fund expense and will not be deemed paid to or received by SL Green or reduce the Management Fee, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by SL Green. Moreover, SLG Capital Management or its affiliates could receive fees associated with capital invested by a co-venturer or partner relating to investments in which a Fund participates. This could be in connection with a joint venture in which a Fund participates or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which SLG Capital Management performs services. In addition, a Fund could co-invest with non-affiliated co-investors, co-lenders or partners whose ability to influence the affairs of the companies in which a Fund invests could be significant, and even greater than that of a Fund. As such, a Fund could be required to rely upon the abilities and management expertise of such co-venturer, co-lender or partner. It could also be more difficult for a Fund to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of

investments (and any such investment could be subject to a buy-sell right). A Fund could grant co-venturers, co-lenders or partners approval rights with respect to major decisions concerning the management and disposition of an investment, which would increase the risk of deadlocks or unanticipated exits from such investment. A deadlock could delay the execution of the business plan for the investment or require a Fund to engage in a buy-sell of the venture with the co-venturer, co-lender or partner or conduct a forced sale of such investment or require alternative dispute resolution in order to resolve such Deadlock. As a result of these risks, a Fund could be unable to fully realize its expected return on any such investment. Further, to the extent that a Fund offers any co-investment opportunity to any Investors or third parties, some or all of the risks described above could also apply to such co-investments.

### Projections

Projected performance for the investments normally will be based primarily on financial projections. In all cases, projections are inherently subject to uncertainty and factors beyond the control of SL Green or any issuer and are only estimates of future results that are based upon information relating to investments, 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 could be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. Additionally, SL Green could adjust projected returns to reflect changes in market conditions or other relevant facts and circumstances after a Fund's acquisition of a particular asset.

### Conflicting Investor Interests

The Investors could include persons or entities organized in various jurisdictions and have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the nature of investments made by a Fund, the structuring of investment acquisitions and dispositions and the timing thereof. Conflicts could arise in connection with decisions made by a Fund's general partner or SLG Capital Management regarding an investment that is more beneficial to one Investor than another, especially with respect to tax matters. Such structuring of the investments and other factors could result in different returns being realized by different Investors. In addition, a Fund's general partner and SLG Capital Management could make investments for a Fund that could have a negative impact on other investments made by the Investors in separate transactions. In structuring, acquiring and disposing of investments, a Fund's general partner generally will consider the investment and tax objectives of a Fund and its Investors as a whole, not the investment, tax, or other objectives of any Investor individually. These arrangements could have adverse tax consequences for both U.S. and non-U.S. Investors.

### Side Letter Agreements

A Fund and/or a Fund's general partner are permitted to enter into side letters or other agreements (including the Governing Documents of the parallel fund) with particular Investors in connection with such Investor's admission to a Fund without the approval of any other Investor, which have the effect of establishing rights under or altering or supplementing the terms of, or confirming the interpretation of, an applicable Fund document (including a Fund's Governing Documents and any related subscription agreement with respect to a Fund) with respect to such Investor in a manner

more favorable to such Investor than those applicable to other Investors. Such rights or terms in any such side letter or other similar agreement could include (i) economic arrangements, including different Carried Interest calculations and reduced Management Fees, (ii) excuse, exclusion or withdrawal rights applicable to particular investments (which could increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such investments), (iii) any agreement by a Fund's general partner to extend certain information rights or additional reporting to such Investor, including to accommodate special regulatory or other circumstances of such Investor, (iv) waiver or modification of certain confidentiality obligations and/or documentation that could be requested by a Fund's general partner, including for the benefit of lenders or other persons extending credit to or arranging financing for a Fund, (v) consent of a Fund's general partner to certain transfers by such Investor or other exercises by a Fund's general partner of its discretionary authority under a Fund's Governing Documents for the benefit of such Investor, (vi) restrictions on, or special rights of such Investor with respect to the activities of, a Fund's general partner and its affiliates, including restrictions on the ability of a Fund's general partner to exercise rights under a Fund's Governing Documents with respect to such Investor, (vii) withdrawal rights (subject to consent of a Fund's general partner) due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies, (viii) other rights or terms necessary in light of particular legal, tax, regulatory or public policy characteristics of an Investor, (ix) matters regarding such Investor's right to participate in co-investment opportunities, (x) alterations to the standard of care applicable to a Fund's general partner, or (xi) additional obligations, and restrictions of a Fund with respect to the structuring of any investment (including with respect to alternative investment vehicles formed by a Fund). Any rights or terms so established in such agreement with an Investor will govern solely with respect to such Investor (but not any of such Investor's assignees or transferees unless so specified in such side letter or otherwise agreed to by a Fund's general partner) and will not require the approval of any other Investor notwithstanding any other provision of a Fund's Governing Documents. The other Investors generally will not have the right to receive notice of, review, or elect to receive the rights or benefits contained in any such agreement with another Investor. Notwithstanding the fact that an Investor could have a most-favored-nations provision in its side letter, such Investor might not have the right to elect certain rights or benefits granted to other Investors in their side letters or other agreements.

### Controlling Person Liability

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

### Market Conditions

Risks related to a Fund's business and investments are subject to risks associated with a changing economic environment. The real estate industry generally and the success of a Fund's investment activities in particular will be affected by general economic and market conditions. These factors can affect the price and/or the liquidity of the investments, which could adversely affect a Fund's overall returns and/or result in losses with respect to such investments. Periods of lackluster



economic growth in the U.S. economy (or any particular segment thereof) would likely have a pronounced impact on a Fund and could adversely affect a Fund's profitability, impede the ability of the companies in which a Fund invests to perform under or refinance their existing debt obligations (and therefore make payments to a Fund as a creditor with respect thereto), and would otherwise impair a Fund's ability to effectively deploy its capital or achieve attractive risk-adjusted returns. It is possible that a weakening of credit conditions could adversely affect the ability of a Fund to finance and/or consummate investments, which could adversely affect the business of a Fund and impede a Fund's ability to effectively achieve its investment objective. In particular, the achievement of a Fund's investment strategy is dependent, at least in part, upon a Fund's ability to access capital at rates and on terms a Fund's general partner or SLG Capital Management determines to be acceptable. In addition, the U.S. economy is influenced by the economic and market conditions in other countries. Events in other jurisdictions, such as war and other global conflicts, can have adverse effects on a Fund's investments. Such global conflicts could contribute to material uncertainty and risk with respect to a Fund's ability to finance its investments, the ability of entities in which a Fund invests to repay debt obligations and/or to refinance debt investments, and the ability of a Fund to achieve its investment objectives. If a Fund's ability to access capital becomes significantly constrained, a Fund's financial condition and future investments will be significantly adversely affected.

Each Fund is subject to changes in financial markets and interest rate fluctuations. General fluctuations in interest rates can adversely affect the value of the investments and/or increase the risks associated with one or more particular investments. The ability of the entities in which a Fund invests to repay debt obligations (including making payments to a Fund as a creditor with respect thereto) and/or to refinance debt investments depends in part on their ability to obtain financing, which could be difficult to access at favorable rates. Interest rate changes could also affect the value of a debt instrument directly (in the case of adjustable rate instruments) or indirectly (in the case of fixed rate instruments). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. The U.S. Federal Reserve has the ability to tighten the monetary supply and increase benchmark interest rates or fail to lower benchmark interest rates in line with market expectations, which would be expected to negatively impact the price of debt instruments and could adversely affect the value of the investments.

Difficult conditions in credit markets could make it difficult for borrowers to obtain favorable financing terms. In addition, the use of tight underwriting standards by lenders has inhibited refinancing and reduced the number of potential buyers of commercial real estate. The continued use or further adjustment of these more restrictive loan underwriting standards would adversely affect the availability of credit to finance sales of commercial mortgage loans and for borrowers to sell properties or refinance commercial mortgage loans and could contribute to increases in delinquencies and losses on commercial mortgage loans and loans secured by other assets generally. SL Green expects these conditions to increase demand for non-bank commercial real estate lending and create opportunities for a Fund. However, any deterioration of the debt markets, any possible future failures of certain financial services companies and a significant rise in market perception of counterparty default risk, interest rates and/or taxes would in all likelihood adversely affect the value of underlying assets held by a Fund as collateral and impact a Fund's ability to generate attractive risk-adjusted investment returns. Economic difficulties can also adversely affect the financial resources and credit quality of the underlying issuers of any debt instruments

in which a Fund will invest, resulting in the inability of such issuers to make principal and interest payments on, or refinance, outstanding debt obligations when due. Any such defaults can have an adverse effect on the investments. In addition, a Fund is permitted and intends to make use of leverage to finance part of its investments. A Fund's general partner expects that a Fund's return on investment can be dependent upon a Fund's ability to secure leverage and/or additional equity capital on attractive terms. As a result, a Fund's ability to achieve attractive rates of return on investments could depend upon the continued ability of a Fund to access sufficient sources of indebtedness at attractive rates, and it is possible a Fund will not be able to obtain financing.

#### *Deterioration of Credit Markets Could Affect Ability to Finance and Consummate Investments*

A deterioration of the global credit markets could make it more difficult for borrowers to obtain favorable financing. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, can dramatically reduce investor demand for high yield debt and senior bank debt, which in turn can lead some investment banks and other lenders to be unwilling to finance new private equity real estate investments or to only offer committed financing for these investments on unattractive terms. SL Green expects these conditions to increase demand for non-bank commercial real estate lending and create opportunities for a Fund. However, a Fund's ability to generate attractive investment returns could be adversely affected to the extent a Fund is unable to obtain favorable financing terms for itself and its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they could have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the United States and global economies. Such marketplace events also could restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

#### *Litigation*

In the ordinary course of its business, a Fund and/or the entities in which it invests can be subject to litigation from time to time. The outcome of such proceedings can materially adversely affect the value of a Fund and can continue without resolution for long periods of time. Any litigation could consume substantial amounts of the time and attention of a Fund's general partner and/or the Principals, and that time and the devotion of these resources to litigation could, at times, be disproportionate to the amounts at stake in the litigation.

#### *Adequacy and Availability of Insurance*

While a Fund will seek to make investments where insurance and other risk management products are, to the extent available on commercially reasonable terms, utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, such coverage is not always practicable or feasible. Moreover, it will not be possible to insure against all such risks, and insurance proceeds from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or any necessary replacement or rehabilitation, as applicable. Certain losses of a catastrophic nature (e.g., those caused by force majeure events) can be either uninsurable or insurable at such high rates as to adversely impact a Fund's profitability if such insurance were obtained.

### *Risks of Terrorism or Acts of War; Terrorism Insurance*

It is possible that a major event (such as a terrorist attack) or other circumstance could provoke immediate dramatic changes in general market psychology and could motivate widespread variation in the absolute and relative pricing of real estate assets. Such an attack could have a variety of adverse consequences for a Fund and/or its investments, including risks and costs related to the destruction of an underlying asset, inability to use one or more underlying assets for their intended uses for an extended period, decline in rents achievable or property value, and injury or loss of life, as well as litigation related thereto, any of which could reduce the value of an underlying asset.

For U.S. assets, with the enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2019 (“**TRIPRA**”), which extended the Terrorism Risk Insurance Program through 2027, insurers must make terrorism insurance available under their property and casualty insurance policies. Furthermore, insurers providing terrorism insurance must meet certain standards to be eligible for relief under TRIPRA, which can result in such insurers charging higher rates for terrorism insurance than is customary for other types of insurance. While each Fund intends to maintain terrorism insurance where appropriate, such risks may or may not be insurable at rates that a Fund’s general partner deems economical or customary at all times. Additionally, if the Terrorism Risk Insurance Program Reauthorization Act of 2019 is discontinued after 2027, terrorism insurance could no longer be available or be offered by fewer providers at increased cost. So long as a Fund’s underlying service providers have followed typical industry practices in protecting the underlying assets in which a Fund directly or indirectly invests, recourse to them in the event of losses could be limited and such losses would be borne by a Fund.

### *Misconduct of Employees and Third-Party Service Providers*

Misconduct by employees of SLG Capital Management or by third-party service providers could cause significant losses to a Fund. Employee misconduct could include binding a Fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized investment activities or concealing unsuccessful investment activities (which, in either case, could result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades, misappropriating assets or a failure of a custodian that holds securities of a Fund. In addition, employees and third-party service providers could improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Fund’s business prospects or future marketing activities. No assurances can be given that the due diligence performed by SLG Capital Management will identify or prevent any such misconduct.

## **Risks Related to Investments in Real Estate and Real Estate-Related Debt**

### *Investments in Real Estate Debt*

Each Fund intends to hold direct or indirect investments in real estate-related debt instruments. 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 (as further discussed below in “*Risks*

*Associated with Certain Types of Real Estate”* below), 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, 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. Purchases of participations in real estate loans raise similar risks as investments in real estate loans. Debt investments have special inherent risks relative to collateral value. In the event of default, the source of repayment is limited to the value of the collateral and can be subordinate to other lien holders (and the collateral value of the property can be less than the outstanding amount of the investment).

### *Collateral Value*

Each Fund expects to participate in and/or acquire real estate loans that are non-recourse to the borrower and instead secured by collateral. Mortgage investments have special inherent risks relative to collateral value. To the extent a Fund makes or acquires subordinated or “mezzanine” debt investments, a Fund does not anticipate having absolute control over the real estate constituting the underlying collateral as a Fund will be dependent upon third party borrowers and agents and will have rights that are subordinate to those of senior lenders. In certain circumstances, a Fund’s loans might not be secured by a mortgage, but instead by such other collateral that could provide weaker rights than a mortgage. In an event of default, a Fund’s source of repayment will be limited to the value of the collateral and could be subordinate to other lienholders within the capital structure. It is possible that the collateral value of the underlying real estate will be less than the outstanding amount of the investment.

### *Debt Investments*

The debt securities in which a Fund will invest typically will be either secured by a borrower’s ownership interests in a property and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which could be secured by real property. The ability of a Fund to influence the affairs of an investment, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Accordingly, a Fund could be unable to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities in which a Fund will invest cannot be guaranteed to carry protection in the form of financial covenants or limitations upon additional indebtedness, adequate liquidity and a rating from a credit rating agency. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that could arise with respect to collateral securing the obligations. In addition, adverse credit events with respect to any investment, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of any such Fund investments. Fund investments could be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by a Fund earlier than expected. In addition, depending on fluctuations of the equity markets, warrants and other equity securities can become worthless. Accordingly, there can be no assurance that a Fund’s internal net rate of return objective will be realized.

### *Risks Associated with Certain Types of Real Estate*

The Fund(s) expect to make investments secured by or otherwise related to various types of real estate assets, each of which is subject to the general risks associated with owning and operating real estate. In addition, other factors that can adversely affect the value and successful operation of, and income generated from, these types of investments include: the physical attributes of a building used to generate income, such as its age, condition, design, appearance, access to transportation and construction quality; location of the property, for example, a change in neighborhoods over time or desirability of the area to the target tenant population; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; competition from other real estate investors, which can affect the number of similar properties available; the level of mortgage interest rates, which can encourage tenants to purchase rather than lease property; presence or construction of competing properties; the quality of tenants and tenant mix, such as the tenant population being heavily dependent on specific industries or businesses or, particularly with respect to residential real estate properties, being predominantly students; adverse local, regional or national economic conditions, which can limit the amount of rent that can be charged and result in a reduction of timely rent payments or a reduction in occupancy levels; and federal, state, and local regulations, which can affect the building owner's ability to increase rent to market rent for an equivalent property. Any of the foregoing could have a material adverse effect on the performance of an investment.

### *Risks Relating to Demand for Office Space*

The investments are expected to be primarily secured by commercial real estate properties located in New York City, which could also include some retail properties. As a result of this concentration, SL Green's business is dependent on the condition of the New York metropolitan area economy in general and the market for office space in midtown Manhattan in particular. Future weakness and uncertainty in the New York metropolitan area economy could materially reduce the value of the underlying assets in which a Fund, directly or indirectly, invests, and thus adversely affect a Fund's investment activities.

Over the last four years, office companies have increasingly accepted flexible or hybrid work schedules, allowing employees to work remotely and collaborate through video or teleconferencing instead of in-office attendance. The continuation or further increase of remote work policies and flexible work arrangements could cause office tenants to reassess their long-term physical needs, which would have an adverse effect on a Fund's underlying assets, including their results of operations, liquidity, cash flows, prospects, and a Fund's ability to achieve forward-looking targets and expectations.

### *Risks Relating to the Management of a Fund's Underlying Real Estate Assets*

Each Fund will seek to generate attractive risk-adjusted returns primarily by investing in opportunistic real estate credit and structured equity in New York City collateralized or otherwise related to commercial real estate properties. The ability of a borrower to repay a loan secured by such properties is dependent primarily upon the successful operation of such property. As a result,

a Fund's investments could be adversely affected by risks in respect of a Fund's underlying assets, including:

- *Lease Renewal and Lease Expiration Risks*

If tenants decide not to renew their leases upon expiration, third-parties operating a Fund's underlying properties could potentially be unable to relet the space. Even if tenants do renew or the space can be relet, the terms of renewal or new lease, taking into account among other things, the cost of improvements to the property and leasing commissions, can be less favorable than the terms in the expired leases. In addition, changes in space utilization by tenants can cause a Fund's underlying assets to incur substantial costs in renovating or redesigning the internal configuration of the relevant property in order to renew or relet space. If a third-party operating an underlying asset is unable to promptly renew the leases or relet the space at similar rates or it incurs substantial costs in renewing or reletting the space, it can impact the success of a Fund's investment activities.

- *Risks Associated with Competition for Tenants*

The leasing of real estate is highly competitive. The principal competitive factors are rent, location, lease term, lease concessions, services provided and the nature and condition of the property to be leased. A Fund's underlying assets directly compete with all owners, developers and operators of similar space in the areas in which the properties are located. The commercial real estate properties relating to a Fund's investments are expected to be concentrated in highly developed areas of New York City. The number of competitive commercial properties in New York City, which could be newer or better located than the properties securing (or underlying) the Fund's investments, could have a material adverse effect on an underlying asset's ability to lease office space at such properties and on the effective rents charged, which could, in turn, impact the investments.

- *Risks Affecting the Retail Environment*

Each Fund's underlying assets could be subject to risks that affect the retail environment generally, including the level of consumer spending and preferences, consumer confidence, online retail competition, levels of tourism in Manhattan, and governmental measures taken to protect public health. These factors could adversely affect the financial condition of such underlying assets' retail tenants and the willingness of retailers to lease space in the affected retail properties, which could in turn have an adverse effect on a Fund's investments.

### *Risks Relating to Real Estate Investment Trusts*

From time to time, a Fund can invest, directly or indirectly, in the securities of REITs. This can be in the form of common shares, preferred shares, debt, or convertible debt. REITs can be subject to extreme volatility due to fluctuations in equity markets, demand for yield based investments, real estate or mortgages, changes in interest rates, and adverse economic conditions. Additionally, the failure of a REIT to continue to qualify as a REIT for U.S. federal income tax purposes likely would materially affect its value.

### *“Spread Widening” Risks*

For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the debt instruments and other securities in which a Fund invests could decline substantially. It could be impossible to predict, or to hedge against, such “spread widening” risk. In addition, perceived discounts in pricing could still fail to reflect the true value of the debt instruments in which a Fund invests and, accordingly, a further deterioration in the value of such debt instruments remains possible.

### *Redevelopment and Construction or Renovation Risks*

The investments are expected to include acquisition of debt interests which, following such acquisition, could engage in real estate redevelopment. To the extent that a Fund invests in such assets or activities, it will be subject to the risks normally associated with such assets and redevelopment activities, including the possibility of redevelopment cost overruns and delays due to various factors (including inclement weather, labor or material shortages, the unavailability of construction and permanent financing and timely receipt of zoning and other regulatory approvals), the availability of both construction and permanent financing on favorable terms and market or site deterioration after the redevelopment decision being made. Any unanticipated delays or expenses could have an adverse effect on the results of operations and financial condition of a Fund. In addition, market conditions could change during the course of redevelopment that make such redevelopment less attractive than at the time it was commenced.

### *Distressed Investments*

The Fund(s) expect to invest in the debt, including debt obligations that are in covenant or payment default, of properties experiencing significant financial difficulties and material operating issues, including properties that could have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such properties involve a substantial degree of risk that is generally higher than the risk involved in investing in properties that are not in financial or operational distress. There is no guarantee that a Fund’s general partner will correctly evaluate the value of the assets of a distressed property securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such property. Therefore, in the event that a property does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund could lose some or all of its investment.

### *Acquiring Discounted Loans*

A Fund’s investment strategy with respect to certain investments (or types of investments) could be based, in part, upon the premise that real estate loans and/or participation interests therein that are otherwise performing could from time to time be available for purchase by a Fund at “discounted” rates or at “undervalued” prices. However, there is no guarantee that investments made at such rates and prices will generate attractive risk-adjusted returns to a Fund or will not be subject to further reductions in value. No assurance can be given that real estate loans and/or participation interests can be acquired at favorable prices or that the market for such interests will

continue to improve since this depends, in part, upon events and factors outside the control of a Fund's general partner.

#### Interest Rate Risk; Discontinuation of LIBOR

The investments could have floating interest rates. Floating rate investments earn interest at rates that adjust from time to time (typically monthly) based upon certain benchmarks or indexes (collectively, "**Reference Rates**"). These floating rate loans are insulated from changes in value specifically due to changes in interest rates; however, the coupons they earn fluctuate based upon Reference Rates. While a Fund could be protected by interest rate floors or similar protections, in a declining and/or low interest rate environment, these floating rate loans could earn lower rates of interest than fixed rate loans.

Floating rate investments are also subject to risks associated with changes to or discontinuation of the use of certain Reference Rates. The London Interbank Offered Rate ("**LIBOR**"), which was commonly used as a Reference Rate within various financial contracts, has been discontinued. The U.S. Federal Reserve has identified the Secured Overnight Financing Rate ("**SOFR**") as its preferred alternative rate for LIBOR, and other financial regulators and industry working groups have suggested other Reference Rates, such as European Interbank Offer Rate and Sterling Overnight Interbank Average Rate. It is expected that a substantial portion of future floating rate investments will use SOFR as a Reference Rate. At this time, it is not possible to predict the effect of the transition to SOFR or other Reference Rates. Although there have been an increasing number of issuances utilizing SOFR, it is unknown whether SOFR or other Reference Rates will attain market acceptance as replacements for LIBOR. Further, uncertainty and risk also remain regarding the willingness and ability of issuers and lenders to include revised provisions relating to the discontinuation of LIBOR and transition to other Reference Rates in new and existing contracts or instruments.

In short, global consensus on alternative rates is lacking and the process for amending existing contracts or instruments to transition away from LIBOR remains unclear. The discontinuation of LIBOR will lead to increased volatility and illiquidity in markets that are tied to LIBOR, fluctuations in values of LIBOR-related investments or investments in issuers that utilize LIBOR, increased difficulty in borrowing or refinancing and diminished effectiveness of hedging strategies.

The elimination of or changes to Reference Rates (including the discontinuation of LIBOR), any other changes or reforms to the determination or supervision of Reference Rates, or the transition to other Reference Rates (including SOFR) can adversely affect a Fund's performance.

#### Risks of Non-Performing Real Estate Loans and Participations

The Fund(s) are permitted to purchase whole or partial interests in sub- or non-performing loans, and real estate loans acquired by a Fund could become non-performing following their acquisition for a wide variety of reasons. Such non-performing real estate loans could require a substantial amount of workout negotiations and/or restructuring, which could entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity



of such real estate loan, replacement “takeout” financing will not be available. Purchases of participations in real estate loans raise similar risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that a Fund’s general partner and its affiliates could find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by a Fund. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions have no basis in fact, in an effort to prolong the foreclosure action. In some states or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower has the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and could result in disrupting ongoing leasing and management of the property, as well as adverse tax consequences for a Fund and its Investors.

#### Prepayments; Distribution of Principal and Collections

The yield on any Fund asset, and accordingly the overall return generated by a Fund, will be affected by the rate and timing of principal payments of such assets. The rate and timing of these principal payments, or in the case of principal losses, principal or notional write-downs, will be affected by, among other factors, (i) unscheduled principal payments or collections in the form of voluntary prepayments of principal or unscheduled recoveries of principal due to defaults, and (ii) the order of priority in which such principal and collections are distributed in reduction of the actual or notional principal balance of the assets.

#### Recycling; Reinvestment

As further described in each Fund’s Governing Documents, certain amounts that are distributable by a Fund could be treated as if such amounts had not been previously called and funded (including amounts that are used to pay Fund Expenses and/or that are used to make investments). Such distributable funds, if received by a Fund, could be retained by a Fund and reinvested or used for any purpose permitted under a Fund’s Governing Documents, including to pay expenses or other obligations of a Fund, or distributed and restored to the Investors’ unused commitments and will be available to be recalled for future use. Accordingly, in such circumstances, an Investor can be required to make capital contributions in excess of its commitment, and to the extent such retained or recalled amounts are reinvested in investments, an Investor will remain subject to investment and other risks associated with such investments.

#### Pools of Loans

In connection with the acquisition of whole or other loans, a Fund could be required to purchase other types of mortgage assets as part of an available pool of mortgage assets in order to acquire the desired loans. These other mortgage assets could include mortgage assets that subject a Fund to additional risks. Acquisition of less desirable mortgage assets could impair the performance of a Fund and reduce returns (if any) to the Investors.

#### B-Notes Investments

A Fund could invest in one or more B-Notes. A “B-Note” is a commercial mortgage loan typically (i) secured by a first mortgage on a single large property or group of related properties and (ii) subordinated to an “A-Note” secured by the same first mortgage on the same collateral. Given the seniority of an A-Note to a B-Note, if a borrower defaults, there could be insufficient funds remaining for the holder of the B-Note. The secondary market for B-Notes could be limited, raising additional liquidity risks. The limited market could in part be due to the fact that there is no “standard” B-Note – each B-Note is privately negotiated and B-Notes can vary in their structural characteristics and risks, including, for example, the rights of the holder of the B-Note to control the process following a borrower default. Furthermore, since they are typically secured by a single property, B-Notes reflect the risks associated with significant concentration.

### Mezzanine Investments

The properties that are collateral for investments made by a Fund could be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company or property, in addition to the burden of debt service, and could impair its ability to finance future operations and capital needs or to pay principal and interest on the investments when due. The leveraged capital structure of these properties will increase the exposure of the 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 in such properties could be subordinated to substantial amounts of senior indebtedness, all or a significant portion of which could be secured and bear floating interest rates. In the event any property cannot generate adequate cash flow to meet debt service, a Fund could suffer a partial or total loss of capital invested in the property, which could adversely affect the returns of a Fund. Furthermore, the entities and investments in which a Fund will invest generally will not be rated by a credit rating agency.

The mezzanine and junior debt investments of a Fund typically will be subordinated to the senior obligations of an issuer, either contractually (in the case of debt securities) or because of the nature of the security (in the case of preferred stock or common stock). In addition, many of the remedies available to subordinated holders are available only after satisfaction of claims of senior creditors. Any such subordinated investments could be characterized by greater credit risks than those associated with the senior obligations of the same issuer. Adverse changes in the financial condition of an issuer or in general economic conditions (or both) can impair the ability of the issuer to make payments on the subordinated securities and result in defaults on and declines in the value of these securities more quickly than in the case of the senior obligations of such issuer.

Mezzanine securities could also involve certain additional considerations and risks. For example, the terms of mezzanine securities could restrict transfer of interests securing such debt (including an involuntary transfer upon foreclosure) or could require the consent of the senior lender or other members or partners of or equity holders in the related underlying property, or could otherwise prohibit a change of control of the related underlying property. These and other limitations on realization on the collateral securing a mezzanine security or the practical limitations on the availability and effectiveness of such a remedy could affect the likelihood of repayment in the event of a default.

### Preferred Equity

A Fund's investment portfolio could include investments in preferred equity securities. Although they have priority over common equity securities, preferred equity securities are subordinated to bonds and other debt securities in an issuer's capital structure in terms of priority for corporate income and liquidation payments and, therefore, will be subject to greater credit risk than those debt securities. In addition, while preferred equity transactions can take many forms, in some cases these transactions do not require current payment of interest, contain limited covenants and have no fixed maturity date, all of which would be typical for secured loans. While preferred equity securities are likely to provide seniority in the capital structure and could provide for more regular payments and current income to a Fund as compared to common equity investments, the returns on preferred equity securities, unlike common equity investments, typically have limited upside relative to such common equity investments. Preferred equity securities could also be subject to optional or mandatory redemption provisions. In the event of redemption, a Fund could be unable to reinvest the proceeds at comparable rates of return.

#### Lower Credit Quality Investments

There are no restrictions on the credit quality of the investments of a Fund. A Fund intends to invest in investments that could have substantial vulnerability to default in payment of interest and/or principal. Investments purchased by a Fund generally will not be rated by rating agencies, and, if rated, could have the lowest quality ratings provided by such rating agencies. Lower rated and unrated investments have large uncertainties or major risk exposures to adverse conditions. Generally, such investments offer a higher return potential than higher rated investments but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these investments (e.g., subordinated investments) also tend to be more sensitive to changes in economic conditions than higher rated investments. Declining real estate values in particular will increase the risk of loss upon default, and could lead to a downgrading of the investments by the rating agencies, if rated. The value of such investments could also be affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

#### Allocation of Delayed-Draw Investment Obligations

A Fund could make delayed-draw investments with funding obligations that extend past the initial date of investment. To the extent a Fund makes such an investment alongside other third-party co-investors, later funding obligations related to a delayed-draw investment might not be allocated pro rata among all the co-investors who participated in the initial funding of an investment. In particular, a Fund could participate in the initial funding of an investment, but could be unable to participate in later funding obligations (i.e., the delayed-draw portions) related to such investment, including because of capacity limitations that an investment vehicle could have for making new delayed-draw investments. As a result, a Fund could be allocated a smaller or larger portion of delayed-draw investments than other co-investors participating in the investment. Investors that participate in the initial funding of an investment could receive certain economic benefits in connection with such initial funding, such as original issue discount, closing payments, or commitment fees and these benefits are expected to be allocated based on participation in the initial funding, regardless of participation in future funding obligations. In addition, where a Fund and any other participating co-investors have not participated in each funding of an investment on a pro rata basis, conflicts of interest could arise between a Fund and the other co-investors as the

interests of a Fund and the other co-investors could be unable to reach complete alignment with respect to such investment.

#### *Effect of Changes in Interest Rates on Investments in Mortgage Loans*

Most mortgage loans, especially fixed rate mortgage loans, decline in value when long-term interest rates increase. Declines in market value could ultimately reduce earnings or result in losses to a Fund, which could negatively affect cash available for distribution to the Investors.

#### *Assignments and Participations*

A Fund could acquire investments by way of assignment or by way of participation. Holders of participation interests are subject to additional risks not applicable to a holder of a direct assignment interest in a loan. In purchasing a participation, it is possible that a Fund will not have a right to enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such loan obligation, or any rights of set-off against the obligor, and a Fund would not directly benefit from the collateral supporting the loan obligation in which it has purchased the participation. As a result, a Fund would assume the credit risk of both the obligor and the selling institution, which would remain the legal owner of record of the applicable loan. In the event of the insolvency of the selling institution, a Fund could be treated as a general creditor of the selling institution in respect of the participation, could fail to benefit from any set-off exercised by the selling institution against the obligor and could be subject to any setoff exercised by the obligor against the selling institution. Assignments and participations are typically sold strictly without recourse to the selling institution, and the selling institution may make no, or only make limited, representations or warranties about the underlying loan, the related underlying property, the terms of the loans or any other collateral securing the loans. Certain debt instruments have restrictions on assignments and participations which could negatively impact a Fund's ability to exit from all or part of its investment in a loan.

#### *Risks Relating to Fraudulent Conveyances and Voidable Preferences by Issuers*

Under U.S. legal principles, in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of securities (including a bankruptcy trustee), if a court were to find that the issuer did not receive fair consideration or "reasonably equivalent value" for incurring the obligation or for granting security, and that after giving effect to such obligation or such security, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital, or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate and avoid, in whole or in part, the obligation underlying an investment of a Fund as a constructive fraudulent conveyance. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts was then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply to determine whether the issuer was "insolvent" after giving effect to the incurrence of the obligation in which a Fund invested or that, regardless of the method of valuation, a court would not determine that the issuer was "insolvent" upon giving effect to such incurrence.

In addition, in the event of the insolvency of an issuer of securities in which a Fund invests, payments made on such obligation could be subject to avoidance as a “preference” if made within a certain period of time (which could be as long as one year) before the issuer becomes a debtor in a bankruptcy case. In general, if payments on the obligation are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from a Fund.

Even if a Fund does not engage in conduct that would form the basis for a successful cause of action based upon fraudulent conveyance or preference law, there can be no assurance as to whether any lending institution or other party from which a Fund could acquire such security, or any prior holder of such security, has not engaged in any such conduct (or any other conduct that would subject the obligations under the security to disallowance or subordination under insolvency laws) and, if it did engage in such conduct, as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against a Fund so that a Fund’s claim against the issuer would be disallowed or subordinated.

#### Issuer Fraud; Breach of Covenant

A Fund will generally seek to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to the investments will achieve their desired effect and potential Investors should regard an investment in a Fund as being speculative and having a high degree of risk. Investments in loans are subject to the possibility of material misrepresentation or omission on the part of the issuer. Such inaccuracy or incompleteness could adversely affect the valuation of the ownership interests in real estate underlying the loans or enterprise value of the issuers or could adversely affect the ability of a Fund to perfect or effectuate a lien on any ownership interests in real estate securing the loan. A Fund will rely on the accuracy and completeness of representations made by issuers to the extent reasonable when it makes its investment decisions, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Fund could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

#### Risks Associated with CMBS

A Fund is permitted from time to time to invest in pools or tranches of commercial mortgage-backed securities (“CMBS”). The collateral underlying CMBS generally consists of commercial mortgages or real property that have a multifamily or commercial use, such as retail space, office buildings, warehouse property and hotels. CMBS have been issued in a variety of issuances, with varying structures including senior and subordinated classes. The commercial mortgages underlying CMBS generally have shorter maturities than residential mortgages, allow a substantial portion of the loan balance to be paid at maturity, commonly known as a “balloon payment”, and are usually non-recourse against the commercial borrower. Investments in CMBS are subject to various risks and uncertainties, including credit, market, interest rate, structural and legal risks. These risks are magnified by the continued volatility in the credit and commercial real estate markets. The investment characteristics of CMBS differ from traditional debt securities in a number of respects, and are similar to the characteristics of structured credit products in which Investors participate through a trust or other similar conduit arrangement. As described more fully

below, commercial mortgage loans are obligations of the borrowers thereunder and are not typically insured or guaranteed by any other person or entity. While a Fund intends to vigorously analyze and underwrite any CMBS investments from a fundamental real estate perspective, there can be no assurance that underwriting practices will yield their desired results and there can be no assurance that a Fund will be able to effectively achieve its investment objective or that projected returns will be achieved.

#### *Risks Associated with Acquisitions of Portfolios of Debt Instruments*

The Fund(s) are permitted to invest in portfolios of debt instruments. SLG Capital Management is unlikely to be able to evaluate the credit or other risks associated with each of the underlying issuers or negotiate the terms of underlying securities as part of its acquisition but instead must evaluate and negotiate with respect to the entire portfolio of debt instruments or, in the case where a Fund invests in contractual obligations to purchase portfolios of debt instruments subsequently sourced by a third party, with respect to the origination and credit selection processes of such third party rather than based on characteristics of a static portfolio of debt instruments. As a result, one or more of the underlying investments in a portfolio could fail to include some of the characteristics, covenants and/or protections generally sought when a Fund acquires or makes individual investments. Furthermore, while some amount of defaults are expected to occur in portfolios, defaults or declines in the value of investments in excess of these expected amounts could have a negative impact on the value of the portfolio and could reduce the return that a Fund receives in certain circumstances.

#### *Zero Coupon and PIK Bonds*

Because investors in zero coupon or PIK bonds receive no cash prior to the maturity or cash payment date applicable thereto, an investment in such securities to the extent made or otherwise held by a Fund generally has a greater potential for complete loss of principal and/or return than an investment in debt instruments that make periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

#### *Defects*

The properties underlying the investments could have design, construction or other defects or problems that require unforeseen capital expenditures, special repair or maintenance expenses, or the payment of damages to third parties. Engineering, seismic and other reports on which SLG Capital Management relies as part of its pre-acquisition due diligence investigations of these properties could be inaccurate or deficient, at least in part because defects could be difficult or impossible to ascertain. Statutory or contractual representations and warranties made by various issuers or sellers of properties that a Fund invests in or acquires could fail to protect a Fund from liabilities arising from property defects.

### **Risks Related to Regulatory and Political Matters and Investment Structures**

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

A Fund must comply with various legal requirements, including those imposed by securities laws, tax laws and pension laws. Should any of such laws change over the scheduled term of a Fund, the legal requirements to which a Fund and Investors could be subject could differ materially from the current requirements and adversely affect Investors. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds could adversely affect the value of investments held by a Fund and the ability of a Fund to effectively employ its investment and trading strategies. Increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors could also impose significant administrative burdens on SLG Capital Management and could divert time and attention from investment management activities. In addition, and in particular in light of the changing global regulatory climate, a Fund could be required to register under certain foreign laws and regulations and could need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market interests to potential Investors. The effect of any future regulatory change on a Fund could be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

#### *Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes*

There has been significant discussion recently regarding enhanced governmental scrutiny and/or increased regulation of the private investment fund and financial services industries. On July 21, 2010, former U.S. President Obama signed into law Dodd-Frank Act. This comprehensive reform of the U.S. financial regulatory system, among other things, imposed new reporting and recordkeeping obligations on investment advisers with respect to the private investment funds they advise. Included in the Dodd-Frank Act is Section 619 (the “**Volcker Rule**”), taking the form of new Section 13 of the Bank Holding Company Act of 1956 (as amended from time to time or any successor statute thereto, the “**BHC Act**”), which among other matters, imposed a number of restrictions on the relationship and activities of banking entities with respect to private investment funds and other provisions that will affect the private investment industry, either directly or indirectly. While many of the Dodd-Frank Act reforms have already been implemented, there remains uncertainty as to whether and how such legislation and reforms will be implemented and applied in the future. Furthermore, the SEC recently adopted new rules and changes to existing rules promulgated under the U.S. Investment Advisers Act of 1940 (the “**Advisers Act**”) that require changes to the operation of private investment funds, including a Fund. Among other topics, the rules address required reporting by private funds, disclosure of side letters and restrictions on certain activities. Compliance with such regulations could be more difficult and could affect the manner in which a Fund conducts business. In particular, the regulations could lead to increased reporting expenses for a Fund and its Investors. Also, it is unclear whether any presidential administration and/or the U.S. Congress will seek to take other legislative or executive actions that affect the private fund industry. Such additional action, if any, could prove detrimental to a Fund.

In light of the heightened regulatory environment in which advisers and funds (including a Fund) operate and the ever-increasing regulations applicable to private investment funds and their

investment advisers, it has become increasingly expensive and time-consuming for advisers to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulations applicable to private investment funds generally or a Fund and/or SLG Capital Management in particular could result in increased expenses associated with a Fund's activities and additional resources of SLG Capital Management being devoted to such regulatory reporting and compliance-related obligations, which would reduce overall returns for the Investors and/or have an adverse effect on the ability of a Fund to effectively achieve its investment objective.

Furthermore, various U.S. federal, state and local agencies have been examining the role of placement agents, finders and other similar service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information, and in connection therewith, new and/or proposed rules and regulations in this arena could increase the possibility that a Fund's general partner, SLG Capital Management and their respective affiliates could be exposed to claims and/or actions that could require an Investor to withdraw from a Fund. As a related matter, a Fund's general partner could be required to provide certain information regarding some of the Investors in a Fund to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the Foreign Corrupt Practices Act of 1977 (the "FCPA").

It is anticipated that, in the normal course of business, SLG Capital Management will have contact with governmental authorities and/or could be subjected to responding to questionnaires or examinations. A Fund could also be subject to regulatory inquiries concerning its positions and investment activity.

As a result, there can be no assurance that any of the foregoing will not have an adverse impact on SLG Capital Management or otherwise impede a Fund's ability to effectively achieve its investment objectives.

#### Potential Changes in U.S. Securities Laws

The regulation of alternative investment management companies and investment funds (including private equity funds and hedge funds) is evolving, and further changes in such regulation could adversely affect the ability of a Fund to pursue its investment objectives. The SEC recently adopted certain new rules and changes to existing rules promulgated under the Advisers Act that would require changes to the operation of private equity funds and hedge funds. Among other topics, these include, limitations on certain Fund and adviser activities, reporting requirements, and disclosure of preferential terms granted to Investors. The new rules and amendments have been challenged in federal court, and there can be no assurance as to the result of the challenge. Other recently proposed, but not yet adopted, rules under the Advisers Act, that could adversely impact SLG Capital Management or a Fund, include requirements related to outsourcing, custody, the use of certain predictive data analytics, cybersecurity and environmental, social, and governance ("ESG"). There can be no assurances that any final rules will be promulgated, as to what the terms of the final rules would be if promulgated, when any such rules would take effect and the individual or cumulative impact of any final rules upon a Fund or SLG Capital Management.

#### Impact of Government Regulations



Government authorities at all levels are actively involved in the regulation of land use and zoning, environmental protection and safety and other matters affecting the ownership, use and operation of real property. Regulations could be promulgated that restrict or curtail certain usages of existing structures, or require that such structures be renovated or altered in some manner. The promulgation and enforcement of such regulations could increase expenses, and lower the income or rate of return, as well as adversely affect the value of any of the investments secured by such real property. Operators are also subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. Compliance with, or changes in, these laws could reduce the performance, revenue and profitability of a Fund.

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

In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan Investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If SLG Capital Management, a Fund’s general partner, or their respective employees or affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on a Fund by, for example, providing the basis for the withdrawal of the affected government plan Investor.

#### *Regulatory Investigations*

Governmental investigations, audits and inquiries could occur in the course of SL Green’s business. Such claims and governmental investigations, inquiries and audits could impact a Fund, including by virtue of reputational damage to SL Green. The unfavorable resolution of such items could result in criminal or civil liability, fines, penalties or other monetary or non-monetary remedies that could negatively impact SL Green. While SL Green has implemented policies and procedures to protect against non-compliance with applicable rules and regulations, there is no guarantee that such policies and procedures will be adequate in all instances or will protect SL Green in all instances.

#### *Licensing Requirements*

Certain federal and local banking and regulatory bodies or agencies in or outside the United States could require a Fund, a Fund’s general partner, SLG Capital Management and/or certain employees of SLG Capital Management to obtain licenses or authorizations to engage in many types of investment activities including the types of investment activities contemplated by a Fund. It could take a significant amount of time and expense to obtain such licenses or authorizations and a Fund could be required to bear the cost of obtaining such licenses and authorizations. There can be no assurance that any such licenses or authorizations would be granted or, if granted, whether any such licenses or authorizations would impose restrictions on a Fund. Such licenses could require the disclosure of confidential information about a Fund, the Investors or their respective affiliates,

including financial information and/or information regarding officers and directors of certain significant Investors. A Fund could be unwilling or unable to comply with these requirements. Alternatively, a Fund's general partner could be compelled to structure certain potential investments in a manner that would not require such licenses and authorizations, although such transactions could be inefficient or otherwise disadvantageous for a Fund and/or any relevant property related to an investment, including because of the risk that licensing authorities would not respect such structuring alternatives in lieu of obtaining a license. The inability of a Fund, a Fund's general partner or SLG Capital Management to obtain necessary licenses or authorizations, the structuring of an investment in an inefficient or otherwise disadvantageous manner, or changes in licensing regulations, could adversely affect a Fund's ability to implement its investment program and achieve their intended results.

### *Inflation*

Inflation and rapid fluctuations in inflation rates have had in the past, and could in the future have, negative effects on the economies and financial markets. Periods of high or rising inflation rates could potentially cause the market value of the investments to decline. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries could impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on a Fund's returns.

### *Climate Change*

Climate change is considered to be a significant threat to the global economy. Underlying real estate assets specifically could encounter risks associated with climate change, including risks related to (1) the physical impacts of climate change, including increased frequency and severity of extreme weather events (e.g., floods or hurricanes), wildfires, and rising sea levels and temperatures; (2) domestic and international legislation and regulation enacted to address climate change; and (3) climate-related business trends. Moreover, the Paris Agreement and other federal, state and regional regulatory and voluntary initiatives launched to reduce greenhouse gas ("GHG") emissions could expose real estate assets to transition risks in addition to physical risks, such as: (1) political and policy risks (e.g., changing regulatory incentives and legal requirements, including with respect to GHG emissions, that could result in increased costs or changes in business operations); (2) regulatory and litigation risks (e.g., changing legal requirements that could result in increased permitting, tax and compliance costs, changes in business operations, or the discontinuance of certain operations, and litigation seeking monetary or injunctive relief related to impacts of climate change); (3) technology and market risks (e.g., declining market for assets, products and services seen as GHG intensive or less effective than alternatives in reducing GHG emissions); and (4) reputational risks (e.g., risks related to changing Investor, customer or community perceptions of an asset's relative contribution to GHG emissions). Climate risks, including both physical and transition risks, can cause unforeseen delays or expenses, prevent completion of investment activities and/or materially impair the value of the investments. There can be no assurance that existing or future regulatory changes will not adversely affect a Fund's business in the future.

### Privacy, Data Protection and Information Security Compliance Risk

Various jurisdictions have adopted, or are considering adopting, stringent data privacy and cybersecurity laws, including the General Data Protection Regulation in the European Union (the “GDPR”), Data Protection Act (As Revised) of the Cayman Islands, the Personal Information Protection Law of the People’s Republic of China, the California Consumer Privacy Act and California Privacy Rights Act, the New York SHIELD Act and a range of proposed additional laws at the federal level and in California, New York, Texas, Utah, Washington and other states. The cumulative effects of the adopted laws include:

- Heightened transparency and accountability surrounding the collection, use and disclosure of personal information;
- An enhanced ability of individuals, relative to companies, to control the use of their personal data;
- In certain circumstances, increased obligations to obtain individuals’ consent to the processing of their personal data;
- Restrictions on the cross-border transfer of personal data to third countries;
- Increased obligations to maintain the security of data; and
- Additional exposure to fines or damages for companies that do not adhere to required data protection principles, accord individuals their specified privacy rights, that experience data breaches or that fail to maintain cybersecurity at certain levels.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the current and planned business activities of a Fund, a Fund’s general partner and SLG Capital Management. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on reputation.

### Cyber Security

The information technology systems of a Fund’s general partner, a Fund, and/or the investments could be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes). Although a Fund’s general partner has implemented various measures to manage risks relating to these types of events, if such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, a Fund’s general partner, a Fund and/or an investment could be required to spend time and/or incur expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plan could cause significant interruptions in a Fund’s general partner’s, a Fund’s and/or an investment’s operations and could result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to the Investors and/or the beneficial owners of the Investors). Such a failure could harm a Fund’s general partner’s, a Fund’s, an investment’s, an Investor’s or a beneficial owner of an Investor’s

reputation, subject such persons to legal claims, or otherwise affect the business and financial performance of such persons.

#### *Uncertain Economic, Social and Political Environment*

Consumer, corporate and financial confidence could be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence could lead to or extend a localized or global economic downturn. A climate of uncertainty could 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 investments, in an uncertain environment or economic downturn could have an adverse effect on the economy generally and on the ability of a Fund and its investments to execute their respective operations and to receive an attractive multiple of earnings upon disposition. This could slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn could have an adverse effect upon the investments.

#### **Item 9 – Disciplinary Information**

Not applicable.

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

##### *Pooled Investment Vehicles*

SLG Capital Management acts as investment adviser to a Fund and could act as investment adviser to other pooled investment vehicle Clients in the future. As described above in Item 5, Fees and Compensation, SLG Capital Management and its affiliates will receive the Management Fee and Carried Interest in connection with the advisory services provided to a Fund. Although such fees are generally paid by a Fund, the costs are ultimately borne by Investors.

##### *Affiliate Services*

Green Loan Services, a rated loan special servicer wholly-owned by SL Green, is expected to provide restructuring, special servicing or other services with respect to most or all of a Fund's investments and is expected to receive GLS Fees from the applicable issuers and obligors.

In the event that a Fund acquires or makes an equity investment, or if a debt investment is converted into an equity investment, one or more affiliates of SL Green could be engaged to provide certain services, including construction, leasing, maintenance and property management services, and in such cases will receive RE Fees for such services. GLS Fees and RE Fees will not be shared with a Fund and will not offset or otherwise reduce the Management Fee. SLG Capital Management, therefore, has an incentive to select affiliated service providers over third parties providing the same services.

In addition, affiliates of SLG Capital Management or third parties in which affiliates of SLG Capital Management have non-controlling economic interests (together with Green Loan Services and any affiliates described in the immediately preceding paragraph, “**Servicing Affiliates**”) could also provide functions or services in connection with Fund investments that would otherwise be performed for a Fund by third parties, including (i) accounting, legal, reporting, architectural, engineering and other functions, and/or (ii) services with respect to a Fund’s actual or anticipated investments and related properties (including title, property management, brokerage, financing, loan servicing, leasing, development, insurance, security, construction management, monitoring, disposition and other real estate-related services). Such affiliates will receive fees for such functions and services, as well as reimbursement of overhead expenses. Any fees and reimbursements payable by a Fund will not exceed what SLG Capital Management reasonably believes to be the prevailing market rate paid by third parties, unless otherwise consented to by a Fund’s Advisory Committee. Nevertheless, SLG Capital Management has a conflict of interest in determining the costs of such services that will be charged to a Fund. In addition, such use or retention could create an incentive for SLG Capital Management to favor its affiliates over other service providers.

The relationship between SLG Capital Management and the Servicing Affiliates could give rise to conflicts of interest with respect to Clients that receive services from Servicing Affiliates. Certain employees of SLG Capital Management and its affiliates providing management services to a Client will also be involved in the business and operations of Servicing Affiliates. These Servicing Affiliates and individuals could face conflicts of interest in allocating costs and dedicating time and resources among Clients, their respective investments, and other activities with respect to the business and operations of the Servicing Affiliates that are not related to particular Clients or their investments.

#### **Outside Business Activities of Related Persons**

SLG Capital Management, its affiliates, and their respective partners and members engage in a broad spectrum of real estate investment activities (including investing in ground-up real estate developments) that are independent from, and could from time to time conflict with, the activities of Clients. In particular, certain affiliates of SLG Capital Management could engage in transactions with, provide services to, invest in, advise, sponsor and/or act as manager to (i) the underlying properties with respect to which a Client invests and (ii) persons or entities that could have similar structures and investment objectives and policies to those of a Client. Such parties described in (ii) could compete with the Client for investment opportunities and could co-invest with the Client in certain transactions.

In addition, management personnel of SL Green are permitted to serve on boards of directors, executive committees, or advisory boards at various unaffiliated companies and organizations. Serving in such a capacity could expose such management personnel, and by association SL Green and the Clients, to certain conflicts of interest. SL Green maintains internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise, however, there can be no assurance that permitting the board membership of an employee will not result in less favorable results for the Clients than if the management personnel was not permitted to serve in such capacity.

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

### **Code of Ethics**

SLG Capital Management has adopted a Code of Ethics (the “**Code**”) that is designed to meet the requirements of Rule 204A-1 of the Advisers Act. The Code includes, among other items, requirements relating to pre-clearance and reporting of employee personal securities transactions, pre-clearance of outside business activities, preclearance and restrictions on employee political contributions, and confidentiality and limitations on, pre-clearance and reporting of gifts and entertainment.

“**Access Persons**”, as defined in the Code, are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that personal securities transactions and investment transactions receive pre-clearance or be exempt from the pre-clearance requirements. SLG Capital Management requires all Access Persons to provide information on trade activity in reportable personal accounts, and to also provide quarterly transaction reports and annual securities holdings reports to the Chief Compliance Officer (the “**CCO**”). All Access Persons must acknowledge the Code’s terms and certify their compliance with the Code upon hire and at least annually and, as a condition of employment, all employees certify as to their obligations to understand and adhere to the Code. Employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding securities or communicating material nonpublic information about such securities to others.

A copy of the Code will be provided to current or prospective Clients or Investors upon request.

### **Participation or Interest in Client Transactions**

#### **Principal and Cross Transactions**

As of the date of this Brochure, SLG Capital Management does not expect a Fund to engage in principal transactions with SL Green, its affiliates or their respective personnel. However, in certain circumstances, SLG Capital Management could recommend that a Client purchase from, or sell securities or other assets to, SLG Capital Management, its affiliates or their respective personnel (“**Principal Transactions**”). For example, SL Green (including its affiliates) could acquire or originate investments (“**Warehoused Investments**”) on behalf of certain Clients, in which case the Client will purchase such Warehoused Investment from SL Green (or such affiliate). SL Green could receive fees in connection with such Warehoused Investments, and such fees could be included as part of the acquisition cost of such Warehoused Investments. Any such fees received by SL Green with respect to investments prior to the sale of a Warehoused Investment to a Client will be retained by SL Green and will not be shared with the Client or otherwise reduce management fees payable by the Client. Any Principal Transactions will be effected in accordance with the requirements of Section 206(3) of the Advisers Act.

As of the date of this Brochure, SLG Capital Management only has one Client and does not expect to undertake any cross transactions. However, in certain circumstances, SLG Capital Management could effect a sale of securities or other assets from one Client to another Client (“**Cross**

**Transactions**”). Such transactions could disproportionately benefit some Clients relative to other Clients due to the relative amount of market savings obtained by the Clients.

SLG Capital Management will have a potentially conflicting division of loyalties and responsibilities to the parties in Principal Transactions and Cross Transactions, including with respect to a decision to enter into such transactions as well as with respect to valuation, pricing and other terms. SLG Capital Management has developed policies and procedures in relation to such transactions and conflicts. However, there can be no assurance that such transactions will be effected, or that such transactions will be effected in the manner that is most favorable to a Client that is a party to any such transactions. Principal Transactions and Cross Transactions will be effected in accordance with fiduciary requirements and applicable law (which include disclosure and consent). In the case of Clients that are pooled investment vehicles, this prior consent can be obtained directly from Investors in the relevant vehicle (which potentially would be granted in the vehicle’s Governing Documents) or, where expressly written in the Client’s Governing Documents, from an advisory committee comprised of certain Investor representatives of the investment vehicle.

#### *Investments of SL Green Personnel*

SL Green personnel are permitted to buy or sell securities or other instruments that are recommended to Clients. In addition, SL Green personnel could also buy securities in transactions offered to, but rejected by, Clients. In the event of such transactions, conflicts of interest are likely to arise because such investing personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by SLG Capital Management on behalf of Clients. In such circumstances, the investing personnel typically will not share or reimburse any Client for any expenses incurred in connection with the investment opportunity. In addition, SL Green personnel could also buy securities and hold interests as passive Investors in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) that could include potential competitors of Clients or a portfolio investment and that could invest in similar industries and sectors as Clients or a portfolio investment. Such personnel have a potential conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio investments as Clients and there could be situations in which such investment vehicle purchases securities or other assets from, or sells securities or other assets to, Clients. The investment policies, fee arrangements and other circumstances of these investments could vary from those of Clients. Such personnel could be incentivized to cause Clients to act in a manner that benefits such other investment vehicles and indirectly, themselves as Investors in such investment vehicles. In order to address these potential conflicts and in recognition of SLG Capital Management’s fiduciary obligations to its Clients, SLG Capital Management has adopted the Code, which is designed to (i) prevent improper personal trading by SLG Capital Management’s access persons; (ii) prevent improper use of material, non-public information about securities recommendations made by SLG Capital Management or securities holdings of the Clients; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of the Clients.

### SL Green as an Owner of Commercial Real Estate

SL Green owns a significant amount of commercial real estate in New York City and therefore has a significant interest in the health of the New York City commercial real estate market and in maintaining strong relationships with the various key players in the New York City commercial real estate market. Such interests could incentivize SL Green to take certain actions or make certain decisions with respect to Clients that it could not otherwise take or make if it did not have such interests. As a result, SL Green could be incentivized to take actions that are not necessarily in the best interests of Clients and their Investors on account of such other considerations.

### Co-Investment Opportunities

SLG Capital Management could provide or commit to provide to its personnel and affiliates, certain Investors and/or certain third-parties, the right to co-invest alongside an advisory account in accordance with its allocation policy. Conflicts of interest can arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities could end up not being in the best interests of a Client or any individual Client Investor. In exercising its sole discretion in connection with such co-investment opportunities, SLG Capital Management can consider some or all of a wide range of factors, which could include factors that benefit SLG Capital Management, such as the likelihood that an Investor would invest in a future fund sponsored by SLG Capital Management or its affiliates. A Client could co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments can involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner will at any time have economic or business interests or goals that are inconsistent with those of the Client, or be in a position to take action contrary to the investment objectives of the Client. In addition, a Client could, in certain circumstances, be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Client's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Generally, co-investors will invest in a transaction directly alongside a particular Client. On occasion, a Client could make an investment on behalf of not only itself but also certain co-investors and subsequently sell down a portion of such investment to such co-investors in order to timely consummate a transaction. Alternatively, a Client could use a credit facility to consummate, or guarantee or issue letters of credit to support, the portion of the investment made (or to be made) by co-investors. The Client may or may not receive compensation for such activities. In the event that the co-investors breach a covenant to purchase an investment from the Client, the Client could have an allocation to an investment that is larger than originally anticipated.

Co-investors will typically bear their pro rata share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments and could be required to pay their pro rata share of fees, costs and expenses related to potential investments that are not consummated, such as reverse breakup, termination and other similar expenses. SLG Capital Management endeavors to allocate such fees, costs and expenses on a fair and equitable basis. Notwithstanding the foregoing, co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments. In addition, in certain circumstances, potential co-investors



may not bear such fees, costs and expenses because they have not yet been identified (or their anticipated allocation has not yet been identified) as of the time such potential investment ceases to be pursued or are not yet committed to such potential investment. In those events, such fees, costs and expenses will be considered operating expenses of, and be borne by, the applicable Client; provided that, in all instances, SL Green, in its capacity as a co-investor or a prospective co-investor, intends to bear its pro rata share of such fees, costs and expenses based on the amount it has committed to co-invest as of the time a binding offer is made by a Client in a manner consistent with SLG Capital Management's then current internal guidelines.

#### Material, Non-Public Information

As a result of the operations of SLG Capital Management and its affiliates, as well as investments made by SLG Capital Management and its affiliates for their own accounts, SLG Capital Management or its affiliates can come into possession of confidential or material, non-public information ("MNPI"). Therefore, SLG Capital Management and its affiliates could have access to MNPI that could be relevant to an investment decision to be made by a Client. Consequently, a Client could be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, could have been undertaken on account of applicable securities laws or SLG Capital Management's internal policies. Due to these restrictions, it is possible Clients will not be able to make investments that they otherwise could have made or sell an investment that they otherwise could have sold.

#### **Item 12 – Brokerage Practices**

SLG Capital Management generally invests Fund assets in real estate debt securities and other real-estate related assets, which are typically made on a privately negotiated basis. As a result, SLG Capital Management does not expect to regularly engage broker-dealers in connection with Fund transactions. In the event that an engagement with a broker-dealer is required, SLG Capital Management will seek to obtain best execution for such transactions by selecting broker-dealers or other intermediaries that SLG Capital Management believes would provide appropriate execution quality at acceptable costs, but would not be required to execute through the broker-dealer offering the most favorable spread, lowest commissions or trading expenses or otherwise resulting in the lowest trading expenses. Rather, in seeking best execution, SLG Capital Management would take into account a variety of quantitative and qualitative factors including, as relevant under the circumstances, price, transaction costs, experience of the broker, anticipated speed of execution, as well as any research services provided to the advisers. However, as of the date of this Brochure, SLG Capital Management does not receive research or other products or services from a broker-dealer or a third party in connection with these types of securities transactions. SLG Capital Management has authority to negotiate and enter into derivatives transactions on behalf of a Fund, primarily to hedge interest rate and currency risk to which a Fund is subject. Counterparties to these derivatives transactions are selected based on a number of factors, including credit rating, downgrade triggers, executive prices, execution capability with respect to complex derivative structures, reputation, responsiveness and/or other criteria relevant to a particular transaction. To the extent SLG Capital Management aggregates purchases and sales of securities for the pooled investment vehicles comprising a Fund, or for a Fund and/or other Clients, SLG Capital Management will do so on an equitable basis.

### **Item 13 – Review of Accounts**

A Fund’s investment committee, which is comprised of senior investment professionals of SLG Capital Management, reviews and oversees a Fund’s investments on a periodic basis. In addition to the annual audited financial statements described in Item 15, Custody, Investors will receive unaudited financial statements for the first three quarters of each fiscal year and IRS Schedules K-1 following a Fund’s fiscal year end for use in the preparation of U.S. federal income tax returns.

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

SLG Capital Management and its affiliates have not currently entered into, but could in the future enter into, placement agreements and/or provide compensation to various banks and broker-dealers (each, a “**Placement Agent**”, and collectively, the “**Placement Agents**”) in connection with the offer or sale of interests in a Fund or other Clients. In the event that a Placement Agent is engaged, such fees paid to such Placement Agent could take the form of a fixed fee or a fee based on a percentage of capital commitments from Investors introduced by the Placement Agent to SLG Capital Management. Placement Agent fees will be payable by the Client and offset against SLG Capital Management’s management fee, 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, will generally be borne by the relevant Client as part of its organizational expenses.

### **Item 15 – Custody**

#### **General**

SLG Capital Management is generally deemed to have custody of a Fund’s assets and maintains a Fund’s assets with a qualified custodian to the extent required by applicable law. All assets of the Fund(s) that are deposited with such qualified custodian will be held in such qualified custodian’s “street name”. A Fund is subject to an annual audit and the financial statements are distributed to each Investor within 120 days of a Fund’s fiscal year end. An independent public accountant registered with, and regularly examined by, the Public Company Accounting Oversight Board prepares the audited financial statements in accordance with U.S. generally accepted accounting principles.

#### **Agency Accounts**

A related person of SLG Capital Management serves as the administrative agent (“**Agent**”) for certain loans held by Clients, with funds related to such loans and attributable to Clients (“**Client Funds**” related to “**Client Loans**”) commingled in an account established by the Agent for that purpose (the “**Agent Account**”) with funds attributable to other lenders (including affiliates of SLG Capital Management) and/or related to other loans (“**Other Funds**” and “**Other Loans**”). The Agent Account is held with a bank in the Agent’s name and holds only cash and not loans. No account statements for the Agent Account are provided to Clients.

In its role as Agent, SLG Capital Management’s affiliate performs a variety of traditional services pursuant to credit agreements in accordance with negotiated guidelines regarding the movement of cash into and out of the Agent Account for such purposes as collecting and distributing loan

proceeds or payments. The Agent must apply the terms of the credit agreement in dealing with funds related to the loans and has no authority to determine how such funds are used, allocated or disbursed; however, other than the terms of the credit agreements, nothing prevents the Agent from withdrawing cash from the Agent account for unrelated purposes.

In light of SEC Staff guidance, SLG Capital Management considers itself to have custody over the Client Funds in the Agent Account for purposes of Rule 206(4)-2 under the Advisers Act.

## **Item 16 – Investment Discretion**

SLG Capital Management exercises complete discretionary authority to manage the portfolio of a Fund, subject to a Fund’s Governing Documents and pursuant to an investment management agreement with a Fund.

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

### **General**

SLG Capital Management generally invests Fund assets in real estate debt securities and other real-estate related assets that issue non-voting securities; therefore, SLG Capital Management does not often receive proxies and is not called upon to vote proxies. If in the future it is contemplated that SLG Capital Management could exercise voting authority with respect to a Fund’s or any other Client’s securities, SLG Capital Management will adopt proxy policies and procedures that are consistent with Rule 206(4)-6.

### **Voting Consents for Loans**

While loans and other credit investments (“**Credit Investments**”) held by Clients are not expected to solicit proxies, a client could, from time to time, own interests in Credit Investments that grant other voting rights or solicit consents. Unless otherwise stated under the terms of our agreements with our clients, SLG Capital Management has authority to exercise certain decision-making rights associated with Credit Investments (“**Consents**”). In these cases, SLG Capital Management could be called upon to provide or withhold consent to proposed modifications to the terms and covenants of a Credit Investment. To the extent that a Client grants SLG Capital Management authority to act in these circumstances, SLG Capital Management will seek to make consent decisions in a prudent and diligent manner, and in the best interest of the client from which consent is sought, subject at all times to each such client’s investment objectives. In some cases, SLG Capital Management could determine that refraining from exercising a consent is appropriate.

Although SLG Capital Management aims to exercise Consents in a manner consistent with the best interest of Clients, the details or the circumstances of a particular Consent could present potential conflicts of interest. Conflicts of interest regarding SLG Capital Management’s decision to exercise or withhold Consents currently exist and can arise under a wide range of scenarios. For example, SLG Capital Management faces conflicts of interest in making a Consent decision as to a loan where SL Green has a business relationship with or interests in the obligor, a related sponsor, or another party with an interest in the outcome of a Consent request. In addition, conflicts exist where one or more Clients hold or acquire interests in an obligor that are of a different class than, are junior or senior to or otherwise have different rights than interests in the same obligor that are

held by one or more other Clients. In these situations, the interests of one or more Clients could diverge from those of other Clients with respect to the exercise of Consents to the extent the different rights and features of the interests held by one or more Clients create an interest in obtaining an outcome that is contrary to the interests of others. Conflicts also can arise if a senior executive of, or other person connected with, the obligor or another party with an interest in the outcome of a Consent request has a significant relationship with our personnel or those of SL Green.

SLG Capital Management also face conflicts of interest to the extent that SL Green holds Credit Investments and is called upon to exercise rights under those investments where the outcome of the exercise of such rights could benefit SL Green or operate to the detriment of other holders of the Credit Investments. Investors should understand that SL Green can exercise its rights under any Credit Investments in which it holds an interest in such a manner as it determines to be in its best interest (which could be contrary to the interests of other Investors in the instrument), except to the extent limited by the Governing Documents of the instrument. In some cases, SLG Capital Management might determine to exercise (or withhold) a consent on behalf of one or more Clients while taking the opposite action (or no action) on behalf of one or more other Clients, when SLG Capital Management believes that doing so reflects the particular best interest of each party holding such right. SLG Capital Management portfolio managers are generally responsible for identifying Consent solicitations and for making decisions as to the exercise of Consents. SLG Capital Management has a variety of policies and procedures intended to assist in identifying and addressing conflicts.

Prior to exercising a Consent, a determination is made as to whether there is a material conflict of interest. Once a material conflict is identified, SLG Capital Management will take such steps as SLG Capital Management believes to be necessary in order to determine how to exercise the related Consent in good faith and in accordance with SLG Capital Management's fiduciary duties, which could include, but is not limited to, consulting internally with investment professionals, risk management professionals, business unit heads, the SLG Capital Management compliance and/or legal department, as appropriate under the particular circumstances, exercising the Consent in accordance with instructions from, or following consent of, the Client after providing disclosure regarding the conflict, or taking other actions that SLG Capital Management believes appropriate under the circumstance in furtherance of the Client's best interest. Please contact us by email at [Fund.Compliance@slgreen.com](mailto:Fund.Compliance@slgreen.com) for information on how to obtain a copy of the relevant policies and procedures or information regarding how SLG Capital Management exercised Consents on a Client's behalf.

## **Item 18 – Financial Information**

Not applicable.