

**Disclosure Brochure**  
**(Form ADV, Part 2A)**

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**This brochure provides information about the qualifications and business practices of Realterm Transportation, LLC. If you have any questions about the contents of this brochure (the “Brochure”), please contact us at (410) 280-1100 or [jrosenberg@realterm.com](mailto:jrosenberg@realterm.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. Realterm Transportation, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration is not intended to, and does not, imply a certain level of skill.**

**Additional information about Realterm Transportation, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2.           Material Changes**

This Brochure is intended to provide potential and existing clients with an overview of Realterm Transportation, LLC (also, “Realterm”). It also contains important disclosures regarding items such as certain practices of Realterm, potential material conflicts that may arise and key potential investment risks. While these may not be material, in certain sections, including conflicts of interest, investment risks (including political conflict, public health and current market conditions risk factors) and fees and expenses, additional clarification and detail has been provided as part of our annual updates. We encourage all recipients to read this Brochure carefully in its entirety.

There have been no material changes since Realterm made its initial filing on July 15, 2023.

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#### **Item 4. Advisory Business**

Realterm Transportation, LLC (the “Adviser” and together with its affiliated entities “Realterm”) is a private equity real estate investment firm that is focused on the transportation industry. The firm began in Montreal in 1991 when Ken Code and John Cammett, along with two other partners, undertook the buyout of the Adviser’s predecessor entity, Cygnus Development. Realterm acquires, develops, finances, manages and lends against differentiated real estate and infrastructure investments serving global land, air, sea and rail networks. Realterm manages globally diversified real asset strategies that invest in differentiated assets providing the high flow through (“HFT”) operational characteristics in high demand by local, national and global supply chain users. The Adviser is indirectly owned 61.2% by Realterm Holdings, LLC (“Realterm Holdings”), 30.6% owned by RF Investco, LLC and 8.2% by four members of the senior management team of the Adviser. The Adviser provides investment advisory services to commingled investment vehicles and other programs, such as limited partnerships, limited liability companies, joint ventures and other investment vehicles (each an “Investment Fund” or “Fund,” and collectively, together with any future investment vehicles to which the Adviser and/or its affiliates provide investment advisory services, the “Investment Funds” or “Funds”).

The Adviser currently manages five transportation-focused private equity fund series: Realterm Airport Logistics Properties (“RALP”), a non-discretionary open-end, core-plus fund investing into North American airport infrastructure; Realterm Logistics Income Fund (“RLIF”), an open-end, core-plus fund, and the Realterm Logistics Fund (“RLF”) Series, a closed-end, value-added fund series, both of which invest into U.S. industrial and logistics real estate with HFT operational characteristics; Realterm Europe Logistics Income Fund (“RELIF,” and collectively with RALP and RLIF, the “Open-End Funds”), an open-end, core-plus fund, and Realterm Europe Logistics Fund (“RELF,” and together with RLF, the “Closed-End Funds”), a closed-end, value-added fund series, both of which invest into industrial and logistics real estate with HFT operational characteristics throughout Europe and the UK.

The following general partners or similar entities are affiliated with the Adviser:

- Realterm Europe GP, S.à r.l.
- RELF II GP, S.à r.l..
- RELIF GP S.à r.l.
- Realterm GP II, LLC
- Realterm GP III, LLC
- Realterm GP IV, LLC
- RLIF GP, LLC
- RAL GP, LLC

(each a “General Partner,” and collectively, together with any future affiliated general partner, manager or similar entities, the “General Partners,”).

Each General Partner is subject to the Advisers Act pursuant to the Adviser’s registration in

accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser.

The Adviser generally provides investment advisory or management services to each Investment Fund in accordance with a limited partnership agreement (or analogous organization document), investment management or advisory agreement, portfolio management agreement, asset management agreement, sub-advisory agreement or a similar type of agreement (each, an “Advisory Agreement” and together with any relevant Memorandum, the “Governing Documents”). Generally, Realterm’s investor base for the Investment Funds includes a range of institutional investors (generally referred to herein as “investors,” “limited partners” or “partners”), including but not limited to public and corporate pension plans, insurance companies, sovereign wealth funds, endowments and foundations, and funds of funds. Many of these investors have their own independent consultants or advisers to assist them in their investment choices. Investors in Realterm’s Investment Funds are generally required to be “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) and “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “Investment Company Act”). For Realterm’s Investment Funds, investment advice is provided directly to the Investment Funds, subject to the discretion and control of the Investment Funds’ General Partners, and not to investors in Investment Funds based upon their individual needs. Investment restrictions of the Investment Funds, if any, are generally established in the Governing Documents of the applicable Investment Fund and/or side letter agreements negotiated with investors in the applicable Investment Fund.

Additionally, from time to time and as permitted by the applicable Governing Documents, the Adviser expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-investment vehicles) to certain current or prospective investors. Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and the same terms as the Investment Fund making the investment. However, from time to time, for strategic and other reasons and, to the extent required by the applicable Governing Documents, subject to approval from the applicable advisory committee(s), a co-investor or co-investment vehicle (including a co-investing Fund) is permitted to purchase a portion of an investment from one or more Investment Funds after such Investment Funds have consummated their investment in the portfolio investment (also known as a post-closing sell-down or transfer), which generally would have been funded through Fund investor capital contributions and/or use of an Investment Fund credit facility. Any such purchase from an Investment Fund by a co-investor or co-investment vehicle generally is expected to occur shortly after the Fund’s completion of the investment, but in certain instances could be well after the Fund’s initial purchase. Where applicable, the Adviser reserves the right in its sole discretion to charge interest on the purchase to the co-investor or co-investment vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Investment Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally would be borne by the relevant Investment Fund.

## **Other Services**

Realterm provides some or all the services (including property management, leasing, construction, development, operational and other similar services with respect to the Funds' investments) that would otherwise be performed for the Funds or its investments by third parties on terms as memorialized in the applicable Governing Documents. In such events, such Persons will earn fees ("RE Fees") or otherwise be reimbursed for performing such services, and no such RE Fees will offset or otherwise reduce any Management Fees (as defined herein). Nevertheless, Realterm is likely to have a conflict of interest in determining the costs of such services that will be charged to the Fund. As to any services provided by Realterm or its affiliates to the Fund(s) or its actual or prospective portfolio projects, neither Realterm nor the Fund(s) can guarantee that these services will be performed in a manner that provides the Fund(s) with services in the same manner, quality, and cost as that provided by an independent third party.

Realterm also expects to provide additional services to the Funds and their investments and receive certain supplemental fees and other amounts in connection therewith (collectively with the RE Fees, "Supplemental Fees"):

***Property Management Fees***—Realterm is permitted to provide on-site day-to-day property management services to its Funds, which represents a series of daily performance obligations delivered and consumed by the portfolios over time. The transaction price is generally in the form of a fee ("Property Management Fee") based on a fixed percentage of gross revenues collected or earned by the managed real estate properties.

***Leasing Fees***—Realterm is permitted to provide landlord leasing services to its Funds, which includes developing leasing plans, marketing of underlying properties, and negotiating leases with potential tenants. Realterm's performance obligation is to facilitate the execution of a lease agreement, which is satisfied at a point in time, upon lease execution. The transaction price is generally in the form of a fee ("Leasing Fee") based on a fixed percentage of the aggregate rent that is due from a property tenant.

***Construction Management Fees***—Realterm provides construction management services to its Funds, which includes project scoping, general contractor sourcing, and project oversight. Typically, Realterm's performance obligation is to arrange for the completion of various construction projects on behalf of the Funds. The transaction price is generally in the form of a fee ("Construction Management Fee") based on a fixed percentage of total estimated construction costs.

***Development Service Fees***—Realterm provides development management services to its Funds, which includes feasibility assessment, design, and development oversight. Typically, Realterm's performance obligation is to arrange for the completion of various development projects on behalf of the Funds. The transaction price is generally in the form of a fee ("Development Service Fee") based on a fixed percentage of total estimated project costs.

***Transactional Fees***—Realterm, from time to time, expects to receive certain fees ("Transactional Fees") in connection with the acquisition or disposition of a portfolio investment or potential portfolio investment, including, without limitation, origination fees, commitment fees, acquisition

fees, disposition fees, financing fees, breakup fees, or similar consideration (whether payable in cash or in kind).

**Reimbursements**—Realterm is reimbursed for certain administrative and payroll costs directly attributable to the properties or Funds under management.

**Other Revenues**—Per each Fund’s Governing Documents, other revenues are comprised of maintenance services and other miscellaneous income.

To the extent provided in a Fund’s Governing Documents, a certain percentage of all Transactional Fees received by Realterm and attributable to the Fund’s investment in a portfolio investment will be credited against Management Fees. To the extent provided in the relevant Fund’s Governing Documents, if such an offset credit would reduce the Management Fee for the relevant period below zero, the excess credit will be carried forward for future application against payable Management Fees and if a credit remains upon liquidation, a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (e.g., where an adverse tax consequence potentially will result). All other Supplemental Fees will be retained by Realterm and will not offset or otherwise reduce any Management Fees.

As a matter of practice, the Adviser is typically paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment, as well as other fees relating to the structuring and administration of co-investment arrangements. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to its relevant allocable portion on a fully diluted basis of any such fee and not the portion of any fee related to General Partner or affiliated partner commitments or that relates to such co-investors or potential co-investors (which could include co-investment vehicles managed by the Adviser, third parties, portfolio investment management or employees and/or others), which have the potential to be significant. Transactional Fee offsets generally are performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such fees or the provision of related services, and to the extent Transactional Fees are paid in kind (including through securities, option grants or other interests), Realterm is permitted to calculate the amount of offset based on the then-current value of the in-kind payment, rather than the ultimate value of the interests as of a future date. Unless otherwise agreed with investors, Supplemental Fees generally will be payable during term extensions, even if Management Fees are reduced or eliminated during the extended term. Transactional Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Transactional Fees paid prior to the Fund’s acquisition of the relevant investment. As of December 31, 2023, the Adviser and its affiliates managed on a discretionary and non-discretionary basis approximately \$9,209,242,000 in client assets consisting of real estate, private credit, and infrastructure assets held for investment purposes.

## **Item 5. Fees and Compensation**

Prior to investing, each investor is asked to carefully read and review the particular Funds' Governing Documents for a complete understanding of the terms related to the Investment Fund, including the compensation received by the Adviser and its affiliates. The information contained in this Brochure is only a summary and is qualified in its entirety by each such Investment Funds' Governing Documents.

Certain of the Funds' Governing Documents permit the Adviser or its affiliates to reduce fees applicable to an underlying investor in a Fund at the discretion of the Adviser or its affiliates. In addition, the Adviser and its affiliates have entered into and will enter into side letters or similar agreements with certain Fund investors. Such side letters have the effect of providing additional rights or supplementing certain rights or terms of a particular Fund's Governing Documents as they relate to certain investors, including reduced fee arrangements.

### **Management Fees**

*Closed-End Funds.* Each of the Closed-End Funds will generally pay Realterm an asset management fee (the "Management Fee") on an annual basis equal to 1.50% of aggregate investor capital commitments. Investors participating in a closing after a Closed-End Fund's initial closing will bear the Management Fee from such date. Upon the earlier to occur of (i) the date when all commitments have been invested or otherwise used to pay expenses of the Closed-End Fund, (ii) the relevant General Partner (or an affiliate thereof) first begins receiving or accruing Management Fees from another Closed-End Fund meeting certain criteria, and (iii) the term or occurrence of certain events specified in the Governing Documents (such date, the "Stepdown Date"), the Management Fee will be reduced and will equal 1.50% of (a) the aggregate funded commitments, as reduced by (b) investments that have been completely written off for U.S. federal income tax purposes and distributions constituting returns of capital.<sup>1</sup> The Management Fee will be payable until proceeds from all portfolio investments are distributed, the term of the Fund ends, or until Realterm's relationship with the Closed-End Fund is terminated for other reasons (as described in the Governing Documents).

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. However, where the fair market value of such investment is less than the total amount of investment contributions relating to such investment, the Governing Documents do not require Management Fees after the Stepdown Date to be reduced. To the extent specified in the Governing Documents, all capital



contributions that are not invested in portfolio investments (excluding capital contributions to pay any Management Fees) shall be allocated among all of such Closed-End Fund's portfolio investments based upon the relative equity investments made in, or reserved for, such portfolio investments as of the Stepdown Date, with any adjustments thereto as set forth in the Governing Documents. Following the Stepdown Date, the amount of Management Fees otherwise payable will be reduced based on the total investment contributions relating to such investment(s). In the event that only a portion of a portfolio investment is disposed of by a Closed-End Fund, the invested capital shall be adjusted based on the percentage of such portfolio investment disposed of and the percentage retained, as determined in the reasonable discretion of the General Partner.

As a result, the amount of Management Fees generally will not correspond with fluctuations in a Closed-End Fund's net asset value, including following the investment period, and will not be reduced in connection with any write-downs, except in the case of investments completely written off for U.S. federal income tax purposes.

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

Open-End Funds. Each of the investors in the Open-End Funds generally will pay Realterm a Management Fee on an annual basis at a rate that is based upon the aggregate size of such investor's investment in such Open-End Fund, generally ranging from 0.85% to 1.25% of such investor's share of the relevant Open-End Fund's net asset value. Investors in RALP will be subject to a quarterly Management Fee equal to 5.50% of RALP's cash flow before debt service.

Management Fees Generally. Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on a *pro rata* basis according to the actual number of days in such period. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors in the relevant Fund.

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

Realterm is permitted to exempt certain "affiliated partner" investors in the Funds from payment of all or a portion of Management Fees, including Realterm and any other person designated by Realterm, such as "friends and family" of Realterm or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors.

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and Closed-End Fund investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Realterm generally receive salaries and other compensation derived from the Management Fee, carried interest and/or other compensation received by Realterm or its affiliates.

## **Fund Expenses**

Fund Expenses means all costs, expenses, liabilities, fees and obligations (in each case, plus any VAT thereon) (referred to collectively in this definition as “costs”) relating to a Fund’s and/or its subsidiaries’ and intermediate entities’ activities, business portfolio investments or actual or potential investments (including with respect to any person formed to effect the acquisition and/or holding of a portfolio investment, to the extent not borne or reimbursed by a portfolio investment or potential portfolio investment or any of their respective subsidiaries) and liquidation of such Fund (including the operation, activities and liquidation of each subsidiary and intermediate entity) or the activities of the relevant General Partner, the Adviser, or their respective affiliates in respect of such Fund, including costs relating or attributable to: (a) the Management Fee; (b) any Property-Management Fees; (c) consummated portfolio investments (and follow-on investments), proposed but unconsummated investments, and temporary investments, including the evaluation, acquisition, bidding on, pursuing, structuring, holding, developing, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases or research services), owning, managing, monitoring, holding, hedging, operating, servicing, leasing, restructuring, taking public or private, selling, valuing, winding up, dissolution and disposition thereof, capital expenditures, environmental and property management expenses, engineering costs and studies, appraisal and valuation expenses and title, casualty, liability and other insurance premiums related thereto, to the extent not reimbursed (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party due diligence and deal-sourcing, software and services providers, consultants and similar professionals in connection therewith, closing dinners, social and entertainment costs, after-hours meals and transportation, and any costs related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (d) interest on and fees and expenses related to or arising from any indebtedness or hedging activities and all indebtedness of, or guarantees made by, the Funds, Realterm, the General Partners or any affiliate on behalf of the Funds, including any credit facility, letter of credit or similar credit support and/or seeking to put in place any such indebtedness or guarantee, registration expenses, commitment, real estate title, survey, brokerage, dealers’, finders’, custodial and other fees, and financing, commitment, origination and similar costs; (e) sales, leasing and brokerage commissions, development fees, construction management fees, loan servicing fees, costs of tenant and capital improvements, custodial, depositary, private placement, sales, investment banker, and similar expenses and other costs incurred in connection with portfolio investments, including reverse breakup, termination and other similar arrangements, including a co-investor or potential co-investor’s share of such costs; (f) premiums for insurance, including directors and officers liability, fidelity bond, cybersecurity, errors and omissions liability, crime coverage, property and casualty and general partnership liability premiums for protecting the Funds, any blocker REIT or any Covered Persons, as defined in the relevant Fund’s Governing Documents, from liabilities to third persons and other insurance (including costs related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors

utilized in the procurement, review, maintenance and analysis of insurance; (g) custodial and depository costs (including costs and expenses relating to the appointment or change of any depository required for the purposes of the European Union Alternative Investment Fund Managers Directive (2011/61/EU) together with Commission Delegated Regulation (EU) No 231/2013 and related and subordinate rules and legislation (“AIFMD”) or Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) and the implementation thereof)); (h) reporting, filings and other ongoing (i) compliance requirements contemplated by any European, United Kingdom, United States, Swiss, or other law, rule or regulation, and (ii) regulatory compliance requirements (including as contemplated by the AIFMD or any similar law, rule or regulation and all initial and/or preliminary registrations, filings and compliance obligations related thereto), secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (i) developing, structuring, maintaining, operating and winding up administrative structures in Luxembourg, other European countries and other jurisdictions that are put in place to establish required residence and/or operate the investment activities of the Funds (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith and a Fund’s share of any such costs of any such structure involving other persons managed by, or affiliated with, the relevant General Partner or its affiliates); (j) any fees, costs and expenses related to the presence of the Funds, the General Partners, Realterm or their respective affiliates in jurisdictions in which a Fund maintains subsidiary acquisition vehicles, holding vehicles or other special purpose entities of the Fund or its subsidiaries formed to make, hold or otherwise facilitate investments directly or indirectly on behalf of such Fund, including, in relation to the organization and operation of any such subsidiary acquisition vehicles, holding vehicles or other special purpose entities formed by such Fund or a subsidiary of the Fund such as accommodation rental expenses, office equipment, domiciliation fees, directors’ fees, the costs, including salaries of personnel (including, personnel of Realterm or its affiliates) and similar costs which the relevant General Partner, acting in good faith, deems advisable; (k) custodial, accounting, technology, fund administration, reasonable legal expenses, including costs associated with the preparation or distribution of financial statements, tax returns, tax estimates and Schedule K-1s and the representation of the Funds or the limited partners by the tax matters partner partnership representative or applicable “designated individual” or similar forms or other communications with limited partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports), or other information, including costs of any third-party service providers and professionals related to the foregoing; (l) auditing, accounting, banking and consulting, real estate title, survey, appraisal, environmental, hedging, consulting (including costs related to hiring consultants (*e.g.*, headhunter fees, background checks or relocation costs), consulting, retainer and other fees, incentive equity, stock awards, salary and other compensation paid to consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), information, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), tax, underwriting, investment banker, finder and other professional services; (m) expenses related to organizing persons through or in which portfolio investments may be made; (n) expenses of the advisory committee, including any reasonable out-of-pocket expenses incurred by representatives of the General Partners, the advisory committee members, permitted observers and other persons attending or otherwise participating in meetings; (o) costs that are classified as extraordinary expenses under generally accepted accounting principles,

including legal expenses awarded by any court of competent jurisdiction; (p) real estate and other taxes and other governmental charges, fees and duties (except to the extent that a Fund is reimbursed therefor by a limited partner or such tax, fee or charge is treated as having been distributed to the limited partners pursuant to the relevant Governing Documents); (q) damages and indemnification (including legal and any other costs incurred in connection with indemnifying any limited partner or other persons or otherwise) and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents; (r) actual, threatened or otherwise anticipated litigation, governmental inquiry, investigation, proceeding, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgments, fines, awards or settlements paid in connection therewith except to the extent such costs or amounts have been determined to be excluded from the indemnification provided under the Governing Documents; (s) costs of reporting to the limited partners, including the preparation, distribution or filing of Fund-related or portfolio investment related reports, administrative or regulatory filings or reports (including regulatory filings or reports and other compliance requirements contemplated by the AIFMD (including any law, rule or regulation, as implemented in any relevant jurisdiction), or other information (including an allocable portion of any licensing, maintenance, upgrade and/or implementation fees, expenses and costs of any investor administrative tools (including software and extranet tools) related to the foregoing)) and of any meeting of the relevant General Partner and one or more limited partners, (t) any annual, periodic or special meeting of the limited partners and any other conference, meeting or webcast or other video conference with any limited partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference-related costs), in each case to the extent incurred by the Funds, the General Partners, Realterm or any of their respective affiliates; (u) costs of terminating, liquidating, winding up or dissolving of a Fund and any persons owned directly or indirectly by a Fund (including portfolio investments) and related entities; (v) defaults by limited partners in the payment of any capital contributions, (w) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations) or matters, and any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the relevant General Partner, Realterm or any of their respective affiliates incurred in connection with the operation of the Fund; (x) compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the relevant General Partner, Realterm and/or any of their respective affiliates and/or (A) the validation or other confirmation of any payments made to a Fund, General Partner or Realterm (including as a result of any anti-money laundering laws, rules or regulations), (y) compliance with any tax or financial account reporting regime, including the Foreign Account Reporting Requirements and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (z) RE Fees, Transactional Fees, Development Services Fees, Leasing Fees, Property Management Fees, Construction Management Fees and Property-Level AM Fees; (aa) filing, title, transfer, registration, licensing and similar fees and expenses; (bb) printing, communications, marketing, and publicity (other than any printing, communications, marketing and publicity expenses incurred in connection with fundraising for a Fund, it being understood and agreed that any such expenses shall be organizational expenses); (cc) any activities with respect to protecting the confidential or non-public nature of any information or data (including costs

incurred in connection with the European Economic Area or the United Kingdom, including the Data Protection Directive (95/46/EC), the UK Data Protection Act 2018, the Privacy and Electronic Communications (EC Directive) Regulations 2003, the General Data Protection Regulation (EU 2016/679) and the Freedom of Information Act); (dd) except as otherwise determined by the relevant General Partner in its sole discretion, any fee, costs, expense, liability or obligation relating to the operation of any alternative investment vehicle or its activities, business or actual or potential investments (to the extent not borne or reimbursed by an investment of or by investors in such alternative investment vehicle) and/or any fee, costs, expense, liability or obligation relating to any subsidiary that would be a fund expense or organizational expense if it were incurred in connection with a Fund; (ee) any proposed or effective amendments or other alterations to the management structure and operation of a Fund, the relevant Governing Documents or any certificate of formation of a Fund; (ff) any travel (which travel expenses shall not include the cost of chartering private aircraft or other private air travel at a cost above the cost of first class commercial airfare) or meals relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (gg) any excess organizational expenses; (hh) unreimbursed costs incurred in connection with any limited partner transfers; (ii) compliance with regulatory matters; (jj) the negotiation and preparation of any side letters or similar agreements; (kk) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services); (ll) relating to amendments to, and waivers, consents or approvals under the Governing Documents of a Fund, General Partner, Realterm and any entities owned directly or indirectly by a Fund and any alternative investment vehicle, including the preparation, distribution and implementation thereof; (mm) associated with distributions to the limited partners of a Fund; (nn) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partners, Realterm or their respective affiliates at any trade conference, including applicable registration costs and exhibition, sponsorship or other presentation costs; (oo) all costs of, or incidental to, the organization and/or preparation of any feeder fund (except to the extent such costs are borne by one or more investors in any such feeder fund); and (pp) any other costs approved by the advisory committee; but not including organizational expenses (other than excess organizational expenses) or manager expenses.

Additionally, the Funds directly, and the limited partners of the Funds indirectly, are permitted to bear formation and operational expenses related to the Funds or entities through which a Fund invests. Such expenses will include, but not be limited to, the cost of using or chartering private aircraft or other private air travel at a cost not to exceed the cost of first class commercial airfare, other air travel, car or rider sharing services, other modes of transportation, meals, lodging and entertainment, regulatory compliance (including the initial notifications, filings and other compliance contemplated by the AIFMD and any other law, rule or regulation) and filing fees and expenses and including the preparation of, and negotiations with respect to, the Governing Documents, investor presentations and other marketing materials, subscription agreements, and any side letters or similar agreements.

Realterm and its affiliates bear general overhead expenses and compensation of their employees.



Certain expenses, such as the cost of insurance policies, may be borne across multiple Funds and Realterm, in which case Realterm will allocate such expenses among itself and participating Funds as it determines in its good faith discretion to be appropriate. As a general matter, broken deal expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio investment (or intermediate entity) pays expenses, including expenses of Realterm and/or its affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio investment management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to a portfolio investment, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio investment. The General Partners reserve the right to agree with joint venture or similar partners, service providers, portfolio investment management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits interest generally would have a dilutive impact on a Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in side letters relating thereto, and (where applicable) environmental, social, governance ("ESG") and other standards to which the relevant General Partner has committed, or expects to, in making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests.

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

##### **Performance Fees**

Realterm assesses performance-based fees to certain of its Funds. Such performance fees are structured to comply with Rule 205-3 under the Advisers Act. The carried interest distributed to Realterm is subject to a potential clawback or giveback at the end of the life of a Closed-End Fund if Realterm has received excess cumulative distributions as provided in the applicable Governing Documents.

In any particular strategy or for any particular Fund, there could be differences in the structure of the preferred return (including amount, timing, waterfall conditions or other terms). Differences in

the performance fee structure of the Funds, or instances where personnel are assigned varying percentages of preferred return from the Funds, create potential conflicts in that Realterm could have greater incentive to favor Funds having the most profitable performance fee structure versus other Funds that have a lower or no performance fee structure. These potential conflicts, however, are practically mitigated by various limitations common to private equity real estate structures. For example, allocations of investment opportunities are subject to organizational limitations on the creation of successor investment vehicles. That is, before Realterm is permitted to raise a new investment vehicle with the same investment strategy, capital previously raised for a predecessor vehicle must be substantially committed or reserved (typically at least 75% committed or reserved) before Realterm is permitted to raise a new investment vehicle with a similar investment strategy.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Realterm generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

*Closed-End Funds.* Realterm is permitted to receive carried interest with respect to each of the Closed-End Funds up to 20% of all realized profits, subject to a preferred return, as more fully described in the applicable Governing Documents.

*Open-End Funds.* Realterm generally is permitted to receive carried interest by investor in the Open-End Funds equal to 15% of all realized and/or unrealized profits, subject to a preferred return, as more fully described in the applicable Governing Documents. However, with respect to RALP, Realterm is permitted to earn carried interest up to 25% for development or unstabilized investments and/or upon full liquidation of the Fund, as more fully described in the RALP Governing Document.

#### *Side-by-Side Management*

Realterm has established its Investment Allocation Policy and Procedures which provide that the Funds have exclusivity (according to investment strategy, geography and legacy, among other factors) over other investment vehicles in situations where an investment meets the eligibility requirements for multiple Funds. As a result, although Realterm seeks to allocate investment opportunities in a fair and equitable manner, decisions as to the allocation of investment opportunities that present conflicts of interest may not always be resolved in a manner that is favorable to the interests of a particular Fund.

#### *Side Letters*

From time to time, Realterm enters into agreements with prospective investors that allow for different terms of investment in a Fund than the terms applicable to other Fund investors, including terms related to Realterm's compensation. Some investors are expected to negotiate to receive more portfolio information as a matter of routine than is otherwise required in the relevant Fund's Governing Documents, but any investor may request any portfolio information subject to the

applicable Governing Documents and each Investor's respective side letter. In general, Realterm will disclose side letter provisions to each respective Fund investor. Realterm seeks to monitor its side letter agreements to ensure that their terms are enforced.

## **Item 7.           Types of Clients**

Realterm provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to Realterm's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Realterm does not "look through" the investment vehicle to each investor in determining its client relationship. Realterm, however, does maintain investor relations with investors in its Funds, including but not limited to public and corporate pension plans, insurance companies, sovereign wealth funds, endowments and foundations, and funds of funds.

The private funds qualify for an exclusion from the definition of "investment company" under Section 3(c)(1) or 3(c)(7) of the Investment Company Act.

Investors participating in the private funds are required to meet certain suitability and net worth qualifications, such as being (1) an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended ("Securities Act") and (a) a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act") or (b) a "knowledgeable employee" within the meaning of Rule 3c-5 of the Investment Company Act, or (2) a non-U.S. person, depending on the eligibility requirements of the specific private fund.

The minimum investment in the private funds is stated in the applicable offering and governing documents. The minimum investment size may be waived for certain investors at the Adviser's discretion.

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

### **Investment Philosophy**

Realterm targets investments in real assets, or collateralized by real assets, which include operational characteristics that seek to meet the needs of logistics and logistics-related users globally. Realterm's target assets include cross-dock truck terminals, other industrial outdoor storage properties like drayage, intermodal or secure storage facilities, transload and related transshipment facilities, e-commerce backbone facilities like final mile warehouses, sortation facilities and regional hubs, fulfillment centers, parcel delivery centers, and air cargo and airport operation support facilities, among other supply chain-related real assets. The properties in which the Fund intends to invest, or to serve as collateral, are expected to be located in transportation-oriented logistics hubs and along the primary transportation logistics corridors in the applicable Fund's target markets.

### **Target Market Selection**



Realterm utilizes its in-house research capabilities to: (i) identify drivers of local, logistics-based demand, including freight volume and velocity; (ii) provide a framework for understanding the utility and functionality of a subject property within a transportation network; and (iii) determine attractive investment markets to assist the Adviser in evaluating market exposure and portfolio construction and in updating each investment's hold/sell analysis. Realterm focuses its investment program in transportation-oriented logistics hubs and along the primary transportation logistics corridors in the applicable Fund's target markets globally including, but not limited to, North America, Europe and the UK. Target markets include (i) "mega" markets; (ii) key regional and local distribution markets; (iii) major inland ports; and (iv) major seaports. Target markets are located along or near to major highway transportation routes, key transportation nodes and/or large local or regional distribution markets. Realterm believes that targeted investment locations within these markets generally will: (i) facilitate local and/or regional consumption and production; (ii) minimize total supply chain network costs; and/or (iii) enable demand for pass-through freight.

## **Risk Factors**

**Each Fund and its investors bear the risk of loss that Realterm's investment strategy entails. Investors in Investment Funds should refer to the applicable Governing Documents for a detailed discussion of risks relevant to that particular Fund.**

Business Risks. A Fund's investment portfolio is expected to consist primarily of non-public securities, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk, which can result in substantial losses.

Concentration of Investments. Each Fund will participate in a limited number of investments (and intends to make most of its investments in one region or sector or within a short period of time). As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings in a single region may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount and/or redemption requests are significant, a Fund would make fewer investments and thus be less diversified.

General Real Estate Risks. The Investment Funds will be subject to 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 (such as 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, the physical attributes of the building with respect to the current or future technological needs of tenants, changes in the financial condition of tenants, buyers and sellers of properties, changes in real estate tax rates and other operating costs and expenses, energy and supply shortages, uninsured losses or delays from casualties or condemnation, changes in applicable laws, the quality of a building's tenants, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, the strength of the local labor and financial markets, interest rate levels, environmental liabilities (including remediation expenses), contingent 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), increased mortgage defaults, risks and operating problems arising out of the presence of certain construction materials, structural or property level latent defects, negative developments in the economy that depress travel activity, 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 Realterm, General Partner, and their respective affiliates.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will not be fully invested at all times if enough sufficiently attractive investments are not identified. However, with respect to the Closed-End Funds, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear Management Fees through such Closed-End Fund during the investment period based on the entire amount of the limited partners' commitments to such Fund and other expenses as set forth in the Governing Documents.

Dynamic Investment Strategy. While each General Partner and Realterm generally intend to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner and Realterm reserve the right to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. Realterm reserves the right to pursue investments outside of the sectors or regions in which Realterm's principals have previously made investments. A Fund may invest in short-term investments, and the investment returns from these investments are likely to be lower than the investment returns from real estate investments.

Impact of Government Regulation, Reimbursement and Reform. 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 may be promulgated that could 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 a Fund's investments. 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 revenue and profitability of the Funds.

Risks Associated with Investments in Transportation-Focused Logistics Properties. Certain Funds intend to acquire high flow through logistics-related industrial real estate assets in transportation-oriented logistics hubs. Investments in such properties entail risks that investments will fail to perform in accordance with expectations. In addition to general real estate risks, transportation-focused logistics properties are subject to a number of operating risks including, among other things: (i) competition from other buildings and properties in the same geographic market; (ii) increases in operating and maintenance costs; (iii) dependence on key tenants; (iv) uncertain lease

and occupancy rates; (v) the financial stability of tenants and related risks of default by tenants experiencing financial problems; (vi) adverse effects of general and local economic conditions; (vii) the introduction of and adaptation to new technologies associated with the manufacture and/or movement and handling of freight; and (viii) disruptions in shipping and trucking operations due to accidents, delay or any failure to build or repair connecting roadways, railways and related infrastructure, strikes, fire, floods, storms, earthquakes, declines in imports/exports or other general commercial activity, etc.

Investments in transportation-related assets are subject to operating and technical risks, including risks that the business operations of tenants or facility users will be disrupted due to mechanical breakdowns, spare parts shortages, fuel shortages or fuel price hikes, labor strikes, labor disputes, work stoppages or interruptions, and other unanticipated events which adversely affect operations. While the Funds will seek investments in which tenants are creditworthy, there can be no assurance that any or all such risks can be mitigated or that such tenants will perform their obligations.

Uncertainty of Net Asset Values. The valuation of shares upon the funding of capital commitments (including any reinvestment of cash distributions in additional shares), the amount payable upon redemption to redeeming limited partners and certain other valuations are generally based upon the Investment Fund's net asset value applicable to such funding, redemption or other event (subject to any applicable adjustment with respect to distributions, contributions or other material events occurring thereafter). The values of the Investment Funds' properties will be established in accordance with each Funds' valuation policy statement which is incorporated into each Fund's Governing Documents. A Fund's debt is expected to be "marked-to-market" in accordance with the valuation policy statement when the fair value option for that debt instrument is elected. Valuations are inherently subjective in certain respects and rely on a variety of assumptions, including assumptions about projected cash flows for the remaining holding periods for the properties. Furthermore, valuations are based in large part on information as of the applicable period, and market, property and other conditions may change materially after that date. Accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered in the context of the appraisal. As such, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. Accordingly, such values may not accurately reflect the actual market values of the properties, and, thus, investors may make decisions as to whether to invest in or redeem shares without complete and accurate valuation information. In addition, investors would be adversely affected if Management Fees and incentive allocations of a Fund's net asset value is overstated.

Dependence on Key Personnel. The success of an Investment Fund will depend in part upon the skill and management expertise of Realterm personnel. Although their interests in the General Partner should tend to discourage them from withdrawing from participation in an Investment Fund's investment activities, there can be no assurance that Realterm personnel will continue to be associated with the General Partners or their affiliates. The loss of the services of any Adviser Personnel (or other real estate professional of Realterm Transportation, LLC) could have an adverse effect on the operations of the Investment Fund.

Lack of Limited Partner Control Over Policies of the Investment Fund. The acquisition, management, financing, leasing and disposition policies of an Investment Fund and its policies with respect to certain other activities, including its distributions and operating policies, will be determined by its General Partner, Realterm and its affiliates. Depending on each Fund's Governing Documents, these policies may be changed from time to time at the discretion of the Investment Fund's General Partner and/or Adviser and its affiliates without a vote of the Investment Funds' limited partners. Although investors may have the opportunity to discuss information about an Investment Fund with the General Partner, the limited partners must rely on the General Partner to conduct and manage the affairs of the Investment Fund. Accordingly, no investment should be made unless the investor is willing to entrust substantially all aspects of investment, management and administration to the General Partner. Any such changes could be detrimental to the value of the Investment Fund.

Illiquidity, Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to Realterm) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded capital commitments.

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

Leveraged Investments. A Fund is permitted to make use of leverage by incurring or having a portfolio investment or intermediate entity incur debt to finance a portion of its investment. Debt could take the form of mortgage or other financing at the property level or ownership level, including cross-collateralized financing. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio

investments will increase the exposure of a Fund's investments to any deterioration in an investment's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio investments in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio investment's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio investment cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio investment, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio investment, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio investment, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio investment.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio investment's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. Fund-level or asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities formed, controlled, advised or managed by Realterm or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, a Fund may be required to contribute amounts in excess of its *pro rata* share, including additional capital to make up for any shortfall if such vehicles are unable to repay their *pro rata* share of such indebtedness. Moreover, a Fund could also lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by committed capital made by such Fund's investors and such investors' contributions may be required to be made directly to one or more lenders instead of such Fund. Tax-exempt U.S. investors should note that the use of leverage by a Fund may give rise to "unrelated business taxable income" (UBTI).

Subscription Lines. A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For



example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's preferred return arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities in their entirety, including co-investors' or potential co-investors' proportionate share of such amounts, which are expected to be borne exclusively by such Fund.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that

could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner can request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio investment or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in additional potential liquidity constraints or other burdens on the relevant portfolio investment or Fund subsidiary.

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

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

Investments in Real Estate Debt. The Funds are permitted to hold direct or indirect investments in certain 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, 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 such Investment Fund's exercise of contractual remedies for defaults of such investments. 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 may be subordinate to other lien holders (and the collateral value of the property may be less than the outstanding amount of the investment). Real estate loans acquired by a Fund may be at the time of their acquisition, or may become after origination, participation or acquisition, non-performing for a wide variety of reasons. Non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. To the extent that a Fund purchases partial interests in non-performing loans, the Fund may not have control over the workout process and the management of the real estate assets. It may be necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by a Fund, and the foreclosure process can be lengthy and expensive.

Availability of Attractive Investments. The Investment Funds' operating results will be dependent upon the availability of, as well as Realterm's ability to identify, consummate, manage and realize, appropriate investment opportunities. It may take considerable time for an Adviser to identify and consummate appropriate investments. In general, the availability of desirable real estate investment opportunities and the Investment Fund's investment returns will be affected by the level and volatility of interest rates, by conditions in the financial markets and general economic conditions. No assurance can be given that Realterm will be successful in identifying, underwriting and then consummating investments which satisfy the Investment Funds' rate of return objectives or that such investments, once consummated, will perform as intended. The Investment Funds will be engaged in a competitive business and will be competing for attractive investments with traditional lending sources, as well as existing funds or investment vehicles, or funds or investment vehicles formed in the future, with similar investment objectives.

Hedging Risk. The General Partners reserves the right (but are not obligated) to endeavor to manage the Funds' or any investment's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

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



Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the “CFTC”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio investment to hedge its exposures becomes limited by such requirements.

Inflation. Some countries, including the United States, currently and may in the future experience substantial rates of inflation, which may have negative effects on the economies and securities markets of their economies. Governmental efforts to curb inflation (such as price controls) may involve drastic economic measures affecting the level of economic activities. There can be no assurance that the relevant governments will be able to exercise effective control over inflation rates or that a high rate of inflation will not have a materially adverse effect on the Fund or its investments.

Rising Insurance Premiums. Investing in commercial real estate inherently entails exposure to various risks, including the potential for escalating insurance premiums. This risk is contingent upon multiple factors, notably market dynamics shaped by economic fluctuations, industry trends, and unforeseen catastrophic occurrences. Properties situated in regions susceptible to natural disasters, such as hurricanes, earthquakes, or floods, may encounter heightened insurance costs due to elevated risk profiles. Similarly, a history marked by frequent insurance claims could prompt insurers to impose elevated premiums. Moreover, the cyclical nature of the insurance market, characterized by periods of increased underwriting stringency and reduced capacity—commonly referred to as “hard market cycles”—may necessitate insurers to adjust premiums upward to safeguard their financial interests. The scope of coverage, efficacy of risk management protocols, and regulatory modifications also bear significance in influencing insurance costs. Persistent inflationary pressures and escalating construction expenses further contribute to the progressive increase of premiums over time. The financial ramifications of heightened insurance premiums can materially impact investment performance, potentially diminishing net operating income and overall returns.

Risks Related to Interest Rate Fluctuation. Interest rate fluctuations could significantly decrease the Investment Funds’ ability to generate income on its investments, which could materially and adversely affect such Investment Funds. Realterm expects the Investment Funds’ primary interest rate exposure will relate to the yield on its investments and the financing cost of the Investment Funds’ debt. Changes in interest rates affect the net interest income, which is the difference between the interest income an Investment Fund earns on its interest-earning investments and the interest expense such Investment Fund incurs in financing these investments. Interest rate fluctuations resulting in an interest expense exceeding the Investment Fund’s interest income would result in operating losses. Changes in the level of interest rates also may affect an Investment Fund’s ability to originate or acquire investments and may impair the value of the Investment Fund’s investments and the Investment Fund’s ability to realize gains from the disposition of assets. Changes in interest rates may also affect borrower default rates. The Investment Funds’ operating results depend, in part, on differences between the income earned on investments, net of credit losses, and financing costs. For any period during which investments are not match-funded,

the income earned on such investments may respond more slowly to interest rate fluctuations than the cost of the Investment Fund's borrowings. Consequently, changes in interest rates, particularly short-term interest rates, could materially and adversely affect the Investment Fund.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. In addition, there is an increased focus on tax avoidance strategies employed by businesses. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements, or otherwise execute its investment strategy or achieve its investment objectives. In particular, a Fund may be required to incur additional costs and expenses in implementing structural changes in the conduct of the Fund's business, including to establish greater substance in certain jurisdictions in which the Fund invests or proposes to invest, and the Fund may also become directly or indirectly subject to additional tax liabilities (for example through restrictions on or denial of the deductibility of interest expenses against taxable profits). The foregoing may make it less attractive or impractical to continue to invest in one or more jurisdictions.

Furthermore, it is unclear what further legal or regulatory changes may be implemented within the jurisdictions in which the Funds or their portfolio investments operate, which changes may result in increased costs and expenses being incurred by a Fund in order to ensure compliance with any new regimes.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Realterm and the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact Realterm and its affiliates, the Funds and/or their investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Funds.

Litigation. In the ordinary course of its business, Realterm may be subject to litigation from time to time. In addition, the acquisition, ownership and disposition of real property entails certain litigation risks. Litigation may be commenced with respect to a property acquired by an Investment Fund or its subsidiaries in relation to activities that took place prior to an Investment Fund's acquisition of such property. Further, at the time of disposition of a property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another. Similarly, buyers of an Investment Fund's assets may later sue such Investment Fund under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence. The outcome of such proceedings may materially adversely affect the value of the investments in the Investment Funds and may continue

without resolution for long periods of time. Any litigation may consume substantial amounts of time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Dependence on Tenants. Real estate investing depends, in part, on tenants for revenue. Adverse changes in the financial condition of any tenant will have an adverse effect on the ability to collect rent payments. Any defaults on lease payment obligations by a tenant will cause an investment to lose the revenue associated with the relevant lease. If such defaults become significant, funds from other sources may be required to make payments on the mortgage indebtedness secured by the impacted property to avoid foreclosure. If a tenant defaults, there may be delays in enforcing rights as a landlord and result in substantial costs in protecting its investments. Further, a bankruptcy filing by, or relating to, a tenant or a lease guarantor would bar efforts to collect pre-bankruptcy debts, including past due balances under the relevant leases, and could ultimately preclude collection of these sums. In addition, if a tenant at a single-user facility, which has been designed or built primarily for a particular tenant or a specific type of use, fails to renew its lease or defaults on its lease obligations, such investment may not be readily marketable as a single-user facility to a new tenant, if at all, without making substantial capital improvements or incurring other significant re-leasing costs. Further, investments may have leases containing co-tenancy provisions, which may allow a tenant to exercise certain rights if, among other things, another tenant fails to open for business, delays its opening or ceases to operate, or if a percentage of the property's gross leasable space or a particular portion of the property is not leased or subsequently becomes vacant. A tenant exercising co-tenancy rights may be able to abate minimum rent, reduce its share or the amount of its payments of common area operating expenses and property taxes or cancel its lease.

Risks Associated with Industrial Investments. Although owners of industrial properties are not generally required to expend substantial amounts for general capital improvements, tenant improvements or re-letting costs, various other factors may affect the returns from this type of property in addition to the risks generally applicable to real estate, including, among other things, the design and adaptability of the property and the degree to which it is generally functional for industrial purposes, the proximity to highways and other means for the transportation of goods, the number and diversity of tenants among businesses or industries and the cost of converting a previously adapted space to general use. An industrial property may be more likely to have one or only a few tenants, which increases the risk that a decline in their operations or their particular business or industry segments may adversely affect the returns from the property. Industrial properties can have short-term leases, which may increase the risk of vacancies. Additionally, a property designed for a particular use or function may be difficult to re-let to another tenant or may become functionally obsolete compared to other properties. Particular uses of industrial properties may increase their risk of environmental problems. In addition, because of unique contribution requirements of many industrial properties, many vacant industrial property spaces may not be easily converted to other uses. Thus, if the operations of any industrial property become unprofitable, the liquidation value of that industrial property may be substantially less than would be the case if the industrial property were readily adaptable to other uses.

Development and Construction or Renovation Risk. Depending on the applicable Fund's Governing Documents, an Investment Fund's investments are permitted to include acquisition of direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income-producing), real estate developments and/or businesses that engage in real estate development or redevelopment. To the extent that an Investment Fund invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities, including entitlements, abandonment of development opportunities, the possibility of development 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), occupancy rates and rents at a newly-completed property not being sufficient to make the property profitable, the availability of both construction and permanent financing on favorable terms and market or site deterioration after acquisition. Any unanticipated delays or expenses could have an adverse effect on the results of operations and financial condition of an Investment Fund. Properties under development or properties acquired for development typically will receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced. Redevelopment activities, regardless of whether they would ultimately be successful, also typically require a substantial portion of management's time and attention.

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

Possibility of Future Terrorist Activity. The properties of an Investment Fund are expected to be located in or near major metropolitan areas of the United States, Europe and the UK. Such properties, or any other properties, or the areas in which they are located could be subject to future acts of terrorism. In addition to the potential direct impact of any such future act, future terrorist attacks and the anticipation of any such attacks could have an adverse impact on the relevant financial and insurance markets and economy, thus harming leasing demand for and the value of the properties. It is not possible to predict the severity of the effect that such future events would have on the relevant financial and insurance markets and economy or the properties. These events may have a negative effect on the business and performance results of one or more of acquired or subsequently acquired properties, including by raising insurance premiums and deductibles and limiting available insurance coverage for the properties.

Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations and commercial facilities are required to meet certain federal requirements related to access and use by disabled persons. Existing industrial properties generally are exempt from the provisions of the ADA but may be subject to provisions requiring that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers. Non-compliance with the ADA could result in

imposition of fines by the U.S. government or an award of damages to private litigants. Future changes to federal, state and local laws also may require modifications to the properties of an Investment Fund or restrict an Investment Fund's ability to renovate its properties. While the amounts of such compliance costs, if any, are not currently ascertainable, they may have an adverse effect on the applicable Investment Fund.

**Risk of Default or Insolvency by Investments.** The leveraged capital structure of the real estate companies and properties underlying certain Investment Funds' investments will increase their exposure to adverse economic factors (such as rising interest rates, competitive pressures, downturns in the economy or deterioration in the condition of the real estate company or property) and to the risk of unforeseen events. This leverage may result in more serious adverse consequences to such underlying real estate companies or properties (including to overall profitability or solvency) in the event these factors or events occur than the consequences for less leveraged entities or properties. For example, rising interest rates may significantly increase interest expense, or a significant market downturn may affect ability to generate positive cash flow, in either case causing an inability to service outstanding debt, which may include the debt investments held by an Investment Fund. If an underlying real estate company or property cannot generate adequate cash flow to meet debt obligations, it may default on its loan agreements or be forced into bankruptcy. As a result, an Investment Fund may suffer a loss of invested capital, particularly in light of the leveraged position of the Investment Fund's investments.

**Tax Reform Risks.** In 2017, a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") was signed into law (the "Tax Act"). Despite proposed and in some cases finalized regulations on certain aspects of these laws, there are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to Investment Funds and their limited partners. In addition, although not free from doubt, the Tax Act subjects gains in respect of entitlements to preferred return and gains on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. These changes could cause Realterm's investment professionals to incur a material increase in their tax liability with respect to their entitlement to preferred return. This might make it more difficult for Realterm to incentivize, attract and retain these professionals, which may have an adverse effect on Realterm's ability to achieve the investment objectives of Investment Funds. In addition, this can create a conflict of interest as the tax position of Realterm may differ from the tax positions of the Investment Funds, and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Investment Funds, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the Tax Act gives Realterm an incentive to cause an Investment Fund to hold an investment for longer than three years in order to obtain lower tax rates on preferred return gains even if there are attractive realization opportunities earlier than three years.



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

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

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

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

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

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

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

freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Realterm reserves the right to withhold certain information from investors subject to such laws for reasons relating to Realterm's public reputation, business strategy or other reasons.

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

CFIUS and National Security Clearance Considerations. Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or advisory committee rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow a Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of one or all of the Fund's (or any portfolio investment's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Realterm, any General Partner, any Fund(s) and/or any of their portfolio investments may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time.



Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Realterm to manage the Funds and their investments, and on the ability of Realterm, any Fund or any portfolio investment to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions, dispositions or developments. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of a Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of Realterm to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Realterm will experience operational burdens and expenses, and a Fund or a portfolio investment will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Realterm will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio investments are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio investment become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio investments, including the risk of investor defaults.

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

Cybersecurity Risk. To the extent that a portfolio investment, Fund, General Partner, Realterm or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or

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

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Realterm, the General Partners, the Funds and/or their portfolio investments, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Realterm, the General Partners, the Funds and/or their portfolio investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for

regulated entities, which could include Realterm, the General Partners, the Funds and/or their portfolio investments.

Sustainability and Environmental, Social and Governance (“ESG”) Risks. Realterm maintains a Corporate Sustainability Policy, which Realterm intends to apply in its discretion to the Funds’ investment portfolios. Realterm will generally consider material ESG factors in connection with the Funds’ investment activities, consistent with its Corporate Sustainability Policy and subject to any applicable fiduciary duties or other legal, regulatory or contractual requirements as well as the applicability of such ESG factors to a particular investment or the relevant Fund’s investment strategy. There is no guarantee that Realterm will be able to successfully implement its Corporate Sustainability Policy and, in addition, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized by Realterm or any third-party advisor will reflect the beliefs or values, internal policies or preferred practices of any particular investor or other asset managers or market trends. The materiality of ESG risks and impacts on an individual asset or issuer and on a portfolio as a whole depends on many factors, including the relevant industry, country, asset class and investment strategy. In addition, in evaluating an investment, Realterm expects to depend upon information and data provided by investee and/or third-party reporting or advisors, which may be incomplete, inaccurate or unavailable, and which could cause Realterm to incorrectly identify, prioritize, assess or analyze ESG-related risks and opportunities. Realterm does not intend to independently verify all ESG information reported by investees or third parties, and may decide in its discretion not to utilize certain information provided by such investments. Further, considering ESG factors when evaluating an investment could result in the selection or exclusion of certain investments based on Realterm’s view of certain ESG-related and other factors and could cause the Funds not to make an investment that would have been made or to make a management decision with respect to an investment differently than would have been made in the absence of such consideration, which carries risk that the relevant Fund may perform differently than investment funds that do not take ESG factors into account. Additionally, ESG factors are only some of the many factors that Realterm expects to consider in making an investment. To the extent that Realterm provides reports of material ESG factors to investors, such reports will be based on Realterm’s or the applicable investment management team’s sole and subjective determination of whether a material ESG factor has occurred in respect of an investment. To the extent Realterm, the relevant General Partner or a third-party advisor engages with investees on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or ESG-related performance of the investment. Successful engagement efforts on the part of Realterm or a third-party advisor will depend on Realterm’s skill in properly identifying and analyzing material ESG and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful. In addition, the Corporate Sustainability Policy and associated procedures and practices, may change over time. Realterm, in certain circumstances, could determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG or sustainability initiatives based on cost, timing or other considerations. It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for Realterm to adhere to all elements of a Fund’s investment strategy, including with respect to ESG risk and opportunity management, whether with respect to one or more individual investments or to the Fund’s portfolio generally. Further, ESG and sustainability

practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and Realterm's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions, particularly in the U.S., UK, and EU (which may be looked to as models in growth markets), in improving transparency around how asset managers define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. Realterm cannot guarantee that its current approach (including the Corporate Sustainability Policy) will meet future regulatory requirements, reporting frameworks or best practices.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Adviser, service providers to the Adviser or the Investment Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Investment Funds, the improper use or disclosure of confidential or material, non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Investment Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Investment Funds. The Adviser has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

Third-Party Involvement. An Investment Fund is generally permitted to co-invest through partnerships, joint ventures or other entities with one or more third-parties as a co-venturer or partner, including with the seller of the property, an affiliate of the seller, a person involved in the disposition, development or acquisition of the property, an investor in the Investment Fund (or other vehicle controlled by Realterm, including certain joint venture vehicles in which Realterm invests with certain third-party investors (the "Realterm JVs")) or other third parties. Such investments involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Investment Fund and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venture or partner of the Investment Fund may at any time have economic or business interests or goals that are inconsistent with those of the Investment Fund; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the Investment Fund's investment objectives; (v) the co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Investment Fund may be liable for actions of its co-venturers or partners. The co-venturer or partner may be a joint venture partner or interest holder in another joint venture or other vehicle in which Realterm or its affiliates has an interest or otherwise controls, including a Realterm JV. The co-venturer or partner may also be entitled to receive payments from, or allocations or performance-based compensation (*e.g.*, incentive allocation) in respect of, an Investment Fund as well as such investments, and in such circumstances, any such amounts may be treated as an Investment Fund expense and will not, even if they have the effect

of reducing any retainers or minimum amounts otherwise payable by Realterm, be deemed paid to or received by Realterm or reduce any fees borne by the Investment Funds. Moreover, Realterm may receive fees associated with capital invested by a co-venturer or partner relating to investments in which an Investment Fund participates. This may be in connection with a joint venture in which an Investment 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 Realterm performs services. In addition, the Investment Funds are permitted to co-invest with non-affiliated co-investors or partners whose ability to influence the affairs of the investments in which the Investment Fund invests may be significant, and even greater than that of the Investment Fund and as such, the Investment Fund may be required to rely upon the abilities and management experience of a co-venturer or partner. For example, Realterm reserves the right to direct an Investment Fund to invest in one or more Realterm JVs. Realterm's proprietary interest in such Realterm JVs creates a potential conflict of interest, as Realterm may be incentivized to cause one or more Investment Funds to invest in or alongside a Realterm JV to the extent Realterm is entitled to greater compensation from such Realterm JV than it would be entitled to from such Investment Fund. It may also be more difficult for an Investment 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 (any such investment may be subject to a buy-sell right). The Investment Funds are permitted to grant co-venturers or partners joint approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require an Investment Fund to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. Such co-venturers or partners may also be entitled to compensation from the Investment Funds for their involvement in the investment. As a result of these risks, an Investment Fund may be unable to fully realize its expected return on any such investment. Further, to the extent that an Investment Fund offers any co-investment opportunity to any limited partners or third parties, some or all of the risks described above may also apply to such co-investments.

Exit from European Union. The UK formally left the EU on January 31, 2020 ("Brexit"), and entered a transition period that ended on December 31, 2020. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could



result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

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

LIBOR Replacement and Other Reference Rates Risk. Payment obligations, financing terms and investments in many financial instruments (including debt securities and derivatives) may be tied to floating rates, such as the London Interbank Offered Rate (“LIBOR”). In 2017, the UK Financial Conduct Authority (“FCA”) announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies (*e.g.*, the Secured Overnight Financing Rate for U.S. dollar LIBOR and the Sterling Overnight Interbank Average Rate for GBP LIBOR). Various financial industry groups have been planning for the transition away from LIBOR and markets are developing in response to these new rates, but questions around the liquidity of the new rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on the Funds. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR. The transition may also result in a reduction in the value of certain LIBOR-based investments held by the Investment Funds or reduce the effectiveness of related transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could result in losses for the Investment Funds. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur at any time. Realterm is unlikely to be in a position to make individualized determinations regarding replacement benchmark rates based on the particular impact to each affected Fund investment.



Weather and Climate Change. Driven by concerns about risks relating to climate change, a number of international, federal, state, supranational and regional policymakers and regulatory authorities have adopted, or are considering the adoption of, regulatory frameworks that seek to reduce greenhouse gas emissions, including through climate-related financial disclosure. This causes the regulatory and policy landscape to continue to be in a state of constant development and re-assessment. The impacts of laws, regulations, and other policy or regulatory initiatives relating to climate change and greenhouse gas emissions on a company's financial or operational performance, and the timing of these impacts, will depend on a number of factors. Furthermore, increasing legal challenges relating to climate change and greenhouse gas emissions make it even more difficult to predict with certainty the impacts that laws, regulations, and other policy or regulatory initiatives may have on the companies or assets in which the Investment Funds invest. This may, in turn, adversely impact the Investment Funds' returns. Increasing concentrations of greenhouse gas emissions in the Earth's atmosphere may see increases in "physical risks" resulting from climate change, which can be event-driven, for example, increased severity of extreme weather events, such as cyclones, hurricanes, or floods, or longer-term shifts in climate patterns, for example, sustained higher temperatures that may cause sea levels to rise or chronic heat waves. Additionally, assets may be exposed to so-called "transition risks" (in addition to physical risks) such as: (i) regulatory and litigation risk (*e.g.*, changing legal requirements that could result in increased permit and compliance costs, changes in business operations, the discontinuance of certain operations or litigation seeking monetary or injunctive relief related to climate impacts); (ii) technology and market risk (*e.g.*, declining markets for products and services seen as greenhouse-gas-intensive, or less effective than alternatives in reducing greenhouse gas emissions); and (iii) reputational risk (*e.g.*, risks tied to changing customer or community perceptions of an asset's relative contribution to greenhouse gas emissions). The General Partners and Realterm cannot rule out the possibility that climate risks, including changes in weather and climate patterns, could result in unanticipated delays or expenses and, under certain circumstances, could prevent completion of investment activities once undertaken, any of which could have a material adverse effect on an investment or on the Investment Funds.

Russian Invasion of Ukraine. The ongoing military conflict between Russia and Ukraine has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund

intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

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

Secondaries and Other General Partner-Led Transactions. There continues to be a significant market in the private fund sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and Realterm reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Realterm following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Realterm believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Realterm and its affiliates), often on different terms than the original investment. However, certain of such transactions are expected to require: a limited partner to invest additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio investment; and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners who elect to continue to hold a direct or indirect interest in the relevant portfolio investment will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Realterm or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Realterm or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based

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

Artificial Intelligence and Machine Learning Developments. Recent technological advances in artificial intelligence and machine learning technology (collectively, “Machine Learning Technology”), may pose risks to Realterm, the Funds, and the Funds’ portfolio investments. While Realterm does not currently utilize Machine Learning Technology in connection with its business activities, including investment activities, Realterm is in the process of performing diligence on its potential applications. At this time, no personnel who perform advisory functions on behalf of the Funds or the Funds’ portfolio investments have been authorized to utilize or test the applicability of Machine Learning Technology. In the future, if Realterm determines to implement Machine Learning Technology, it intends to periodically evaluate and/or adjust internal policies governing use of Machine Learning Technology by its personnel. Notwithstanding any such policies, Realterm personnel, senior executives and other associated persons of Realterm or any affiliates of Realterm could, unbeknownst to Realterm, utilize Machine Learning Technology in contravention of such policies. Realterm, the Funds and the Funds’ portfolio investments could be

further exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties, whether or not known to Realterm, also use Machine Learning Technology in their business activities. Realterm will not be in a position to control the use of Machine Learning Technology in third-party products or services, including those provided by Realterm's and its affiliates' service providers.

Use of Machine Learning Technology by any of the parties described in the previous paragraph could include the input of confidential information (including material non-public information) – either by third parties in contravention of non-disclosure agreements, or by Realterm personnel and affiliates in contravention of Realterm's policies, contractual or other obligations or restrictions to which any of the foregoing or any of their affiliates or representatives are subject, or otherwise in violation of applicable laws or regulations relating to treatment of confidential and/or personally identifiable information (including material non-public information) – into Machine Learning Technology applications, resulting in such confidential information becoming part of a dataset that is accessible by other third-party Machine Learning Technology applications and users.

Independent of its context of use, Machine Learning Technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that Machine Learning Technology utilizes to operate. Certain data in such models will inevitably contain a degree of inaccuracy and error – potentially materially so – and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of Machine Learning Technology. To the extent that Realterm, the Funds or the Funds' portfolio investments are exposed to the risks of Machine Learning Technology use, any such inaccuracies or errors could have adverse impacts on Realterm, the Funds or the Funds' portfolio investments. Conversely, to the extent competitors of Realterm and its portfolio investments utilize Machine Learning Technology more extensively than Realterm and its portfolio investments, there is a possibility that such competitors will gain a competitive advantage.

Machine Learning Technology and its applications, including in the private investment and financial sectors, continue to develop rapidly, and it is impossible to predict the future risks that may arise from such developments.

### **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related legal, management and other services to Funds and portfolio investments. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the applicable Governing Documents, although the Funds and their respective investments will place varying levels of demand on such time, personnel and internal resources over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund likely will conflict with the interests of the Adviser, one or more other Funds, portfolio investments or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund

operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by the Adviser principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents and the Adviser's Allocation Policy. Without limitation, the Adviser principals currently manage, and could expect in the future to manage, several other investments similar to those in which a Fund will be investing and expect to direct certain relevant investment opportunities or resources to those investments. The Adviser personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. The Adviser's principals and the Adviser's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Adviser principals expect from time to time to control or manage generally have the potential to compete with investments made by a Fund. Following the investment period of a Fund, the Adviser principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in the Adviser's sole discretion, the Adviser and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, the Adviser personnel are permitted to serve on boards or act in other roles unaffiliated with the Adviser, the Funds or their portfolio investments, including boards of charitable and educational institutions, public companies and former portfolio investments, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

From time to time, the Adviser will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of the Adviser. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents and subject to the Allocation Policy, the Adviser is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of the Adviser in a portfolio investment also have the potential to raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser.

The Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Adviser generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents and the Allocation Policy, as well as factors that could include, but are not limited to, market, tenant credit quality, property quality, liquidity, lease term, likelihood of tenant renewal, amount of capital expenditure required, overall portfolio mix, relative level of discount to replacement cost, and level of projected current yield as a percentage of total return. For development opportunities, evaluation criteria could include, but are not limited to, the market, level, and sufficiency of required entitlements, presence



of a tenant, and tenant's credit quality. For credit-related opportunities, evaluation criteria could include, but are not limited to, the: position in the capital structure, borrower and guarantor quality, tenant, lease duration, collateral location, collateral quality, cash flow coverage and structural protections. The expected returns with respect to any investment will be determined in the reasonable, good-faith discretion of the Adviser based upon the information available at that time with respect to such investment. A Fund generally reserves the right to invest together with other Funds advised by an affiliate of the Adviser in the manner set forth in the Governing Documents and the Adviser's Allocation Policy. The Adviser will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time, consistent with the Adviser's obligations, and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio investment is owned by a Fund, such investment could exhibit characteristics that would make it a suitable investment for one or more other Funds.

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

The Adviser's allocation of investment opportunities among parties and in the manner discussed herein often will not result in proportional allocations among such parties and such allocations likely will be more or less advantageous to some such parties relative to others. While the Adviser



will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Adviser expects to be subject, discussed herein, did not exist.

Realterm reserves the right to raise additional Investment Funds, including a successor fund to an Investment Fund and other Investment Funds and accounts with different investment strategies. The closing of another Investment Fund or account could result in the reallocation of Realterm personnel, including reallocation of existing real estate professionals, to such Investment Fund or account. Realterm has implemented a policy to address actual and potential conflicts of interest that may arise in connection with the allocation of investment opportunities, which policy is available upon the request of a limited partner. Nevertheless, the General Partners are likely to face conflicts of interest in connection with determining whether a potential investment opportunity is more suitable for one Investment Fund or another Investment Fund or account.

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

Where multiple Funds invest at the same, different or overlapping levels of a portfolio investment's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio investment. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Realterm in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio investment, Realterm would expect to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the relevant General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Realterm expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds are expected to be prohibited from

exercising (or Realterm may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. Realterm intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

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

From time to time, subject to any requirements under the Governing Documents, Realterm reserves the right to engage in a transaction with an Investment Fund in which a General Partner (or an affiliate thereof) acts in a principal capacity. For example, an Investment Fund is generally permitted to purchase from, and or dispose to, a General Partner, one or more of its affiliates and/or certain other parties, certain securities and other investments ("Principal Investments"). To the extent any purchase and/or sale of a Principal Investment constitutes a "principal transaction" under Section 206(3) of the Advisers Act, the relevant General Partner intends to seek the requisite consent thereto. The relevant General Partner and Realterm expect to be subject to potential conflicts of interest in connection with any such "principal transaction," including potential conflicts related to the valuation and pricing of the Principal Investments. The General Partner intends to seek to mitigate such conflicts by disclosing the material terms of any such proposed transaction in connection with the consent process.

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

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by the Adviser or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion, subject to the Funds' Governing Documents. The allocations of such expenses may not 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-investment vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a particular Fund or the Adviser. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

The Governing Documents provide the General Partners with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that have the potential to affect the compensation of the relevant General Partner and its affiliates. In making such determinations, the General Partners are subject to potential conflicts of interest. For example, the potential to earn additional compensation can create an incentive for a General Partner to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. The General Partners expect to be incentivized to cause the Funds to make investments and retain investments and to delay or forego a determination that the investments are completely written off for U.S. federal income tax purposes in the manner described in the Governing Documents (such investments, "Impaired Value Investments") in order to generate greater ongoing Management Fees and, potentially, larger carried interest distributions than would otherwise be the case if such investments had not been made or retained (or if such determination had not been made), including because of the possibility that the investments' values will appreciate in the future.

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

The Governing Documents provide the General Partners with wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the General Partners or

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

Additionally, a portfolio investment can result in reimbursement the Adviser or service providers retained at the Adviser's discretion for expenses (including, without limitation, travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio investment. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally would not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements.

In connection with its services to the Funds and their investments, the Adviser, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Adviser's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Adviser and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio investment (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Adviser Information"). In many cases, the Adviser Information will include tools, procedures and resources developed by the Adviser to organize or systematize the Adviser Information for ongoing or future use. Although the Adviser expects its Funds and their portfolio investments generally to benefit from the Adviser's possession of Adviser Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio investments (or by the Adviser and its personnel) and not by the Fund or portfolio investment from which the Adviser Information was originally received or derived. The

Adviser Information will be the sole intellectual property of the Adviser and solely for the use of the Adviser. The Adviser reserves the right to use, share, license, sell or monetize Adviser Information, without offset to Management Fees, and the relevant Fund or portfolio investment will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio investments are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio investments, the Funds or their respective investors; no such rewards will offset Management Fees.

The Adviser generally exercises its discretion to recommend to a Fund or to a portfolio investment thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) the Adviser or a related person of the Adviser (which may include a portfolio investment of such Fund); (ii) an entity with which the Adviser or its affiliates or current or former members of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where the Adviser personnel are seconded, or from which the Adviser receives secondees; or (iii) certain limited partners or their affiliates. For example, the Adviser expects to be presented with opportunities to receive financing and/or other services in connection with a Fund’s investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects the Adviser to conflicts of interest, because, although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio investment performance and, relatedly, returns of the relevant Fund, the Adviser has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that the Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Adviser), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. The Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses. Although the Adviser generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Adviser reserves the right from time to time to cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by the Adviser, or co-investors or co-investment vehicles. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts



where a portfolio investment owned by one Fund is acquired by another Fund. Certain of such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio investments owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Governing Documents or otherwise in the sole discretion of the Adviser, the Adviser reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness or "arm's-length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of the Adviser) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory committee) to such transactions. In certain circumstances, the Adviser reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions. The Adviser intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although the Adviser generally structures Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any Adviser affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such cases, the Adviser intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an Adviser affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or an affiliate, whether or not related to the Fund in which such limited partners have invested.

The Adviser and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in portfolio investments owned by the Funds or other investment vehicles advised by the Adviser and/or its affiliates; conversely, current or former personnel or executives of the Adviser and/or its affiliates are expected from time to time to serve in significant management roles at service providers or other counterparties recommended by the Adviser. Similarly, the Adviser, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio investment finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio



investment executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or its affiliates and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through the Adviser entities, whether or not relating to financing the Adviser personnel obligations to fund General Partner commitment obligations) to the Adviser personnel and their estate planning vehicles. The Adviser expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser or one or more other Funds. The Adviser expects to be subject to a potential conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio investments for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio investments.

The Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and its affiliates reserve the right to buy or sell securities or other instruments that the Adviser has recommended to a Fund. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of the Adviser have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio investments directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

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

efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the relevant Fund or its limited partners.

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

Since the Adviser is permitted to retain certain Supplemental Fees (as described under “Fees and Compensation”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Supplemental Fees could be based on various metrics including, but not limited to, gross or net acquisition price, gross or net rental revenue, revenues collected, hard and soft project costs, or other metrics relating to a portfolio investment, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio investment. Additionally, the Adviser, its personnel, affiliates or others designated by the Adviser expect from time to time to receive compensation in the form of portfolio investment securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied (typically based on the then-present value of such securities), the Adviser and/or such other recipients will be permitted to retain such securities as Supplemental Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio investment and/or the Adviser) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund. In addition, because portfolio investment securities typically represent newly issued incentive equity (whether in the form of limited partnership units, common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund’s relative ownership of the portfolio investment awarding such compensation.

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

The Adviser is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners, *e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to the Adviser, its

affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser, its affiliates and personnel, or the Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make commitments to multiple Funds. Except where required by the Governing Documents, other investors will not receive copies of Side Letter or related provisions, and as a general matter, the other investors have no recourse against a Fund, the Adviser, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject the Adviser to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which could be borne by the relevant Fund.

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

The relevant liability standards under insurance coverage procured by the Adviser are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents. regardless

of whether the liability and/or indemnity standards in the Adviser's insurance coverage are higher or lower than that set forth in the Governing Documents.

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

#### **Item 9. Disciplinary Information**

Neither Realterm nor any of its Supervised Persons have been the subject of any legal or disciplinary event of an investment-related nature that would be material to the business of the Adviser or that would be subject to disclosure on Form ADV.

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

Realterm establishes Investment Funds in which affiliated general partners have broad authority to control the operations of the applicable Fund. The offering documents relevant to each Fund describe the Realterm structure and entities material to the operation of the Fund. Realterm's primary business purpose is to provide investment advisory services to the Funds. Realterm is affiliated with other Realterm investment advisers, including the General Partners and equivalent entities formed from time to time and subject to the Advisers Act pursuant to Realterm's registration in accordance with SEC guidance (collectively, the "Related Advisers"). These Related Advisers also include Realterm's relying advisers, RLF AM, LLC, Aeroterm Management, LLC and Realterm Europe Management Coöperatief U.A., that are registered under the Advisers Act pursuant to Realterm's registration. These entities operate as a single advisory business together with Realterm and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Realterm or a Related Adviser will be responsible for all decisions regarding portfolio transactions of the Funds and generally have full discretion over the management of the Funds' investment activities. While Related Advisers are not separately registered as respective investment advisers, all of the investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the Related Advisers are subject to the supervision and control of Realterm. Thus, each Related Adviser and all of the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act against the Related Advisers.

### *IndoSpace Platform*

IndoSpace Logistics Parks (“IndoSpace”) is an industrial investment and development platform in India. Realterm’s co-founders and the IndoSpace CEO, a former Realterm employee and current Board Member, formed IndoSpace in 2007 through a partnership with Everstone Capital, an India-focused private equity firm. In September 2018, Global Logistic Properties (“GLP”), one of the largest global industrial real estate managers, acquired an interest in IndoSpace. Realterm’s co-founders serve on the investment committees of IndoSpace’s commingled funds. Realterm has referred and expects in the future to refer investors to IndoSpace.

### *Shared Services*

Realterm has affiliated entities that provide services, as described above, to the Investment Funds. Fees for these services are not offset against Realterm’s asset management or other fees. Realterm faces a conflict when selecting these affiliated service providers over a third party, due to the additional fees payable to Realterm and its affiliates. As described above, Supplemental Fees, as applicable, are also detailed in the Funds’ Governing Documents.

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

### *Code of Ethics*

Realterm strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust, and Realterm has adopted and implemented a Code of Ethics (the “Code”) which sets forth these standards. The Code is designed to comply with Rule 204A-1 under the Advisers Act and addresses Realterm’s and its employees’ fiduciary duty to the Funds, compliance with all applicable federal securities laws, and all other applicable laws and regulations, reporting and review of personal securities transactions and holdings, certain policies and procedures related to standards of business conduct and conflicts (as further described below), and strict enforcement of the Code. A copy of the Code is made available to the Funds, prospective clients, and current and prospective investors upon request by contacting the Chief Compliance Officer at [jrosenberg@realterm.com](mailto:jrosenberg@realterm.com).

Each Access Person is required to certify annually that he or she has read, understands, and agrees to abide by the Code and all policies and procedures set forth therein.

In certain limited circumstances, the Chief Compliance Officer or designee may grant exceptions to its policies and procedures (including the Code) when he or she believes, based on the particular facts and circumstances, that doing so would not harm a Client or otherwise interfere with the Adviser’s fiduciary duties.

### *Personal Trading Subject to the Code*

As described above, Realterm and its partners, principals, employees, and other affiliates could engage in investment activities for the Adviser's account or for family members and friends. Access Persons of Realterm are required to submit all of the personal reportable securities accounts in which they have a beneficial interest and over which they have discretionary investment authority for continuous surveillance and reporting. These accounts are monitored for possible conflicts of interest and insider trading by the Chief Compliance Officer or his designee. Realterm also requires preclearance of Initial Public Offerings (IPOs) and private placements. From time to time, Realterm or its employees come into possession of material, non-public information about public companies. Realterm places trading restrictions on securities issued by such companies when deemed necessary. The Code prohibits employees from engaging in insider trading and Realterm has adopted procedures to prevent the misuse of material, non-public information.

## **Other Code of Ethics Policies**

### *Gifts and Entertainment*

In order to provide the quality of services that investors the Funds expect, Realterm believes it is critical to establish, maintain and develop relationships with various professionals in the real assets and investment management industries, as well as other service providers. Brokers, counterparties, professional service providers and other third parties with whom Realterm does business occasionally provide gifts and entertainment to the Adviser's principals or employees. Realterm and its affiliates may enter into business transactions and relationships on behalf of a Fund with the donors of such gifts and entertainment. Such gifts and entertainment create potential conflicts of interest in the selection and retention of these donors to do business with Realterm and the Funds. To address such conflicts, Realterm has adopted policies and procedures to (i) monitor gifts and entertainment given and received by the Adviser's principals and employees, (ii) limit the value of gifts and entertainment given and received; and (iii) require preclearance for gifts and entertainment received or given over a specific value.

### *Political Contributions*

From time to time Realterm's employees seek to make political contributions to public officials, candidates for elected office, political parties and political action committees. Realterm has adopted policies and procedures designed to prevent conflicts related to public officials and government entities and to monitor the political contributions that Realterm's employees and affiliates make to prevent violations of Rule 206(4)-5 under the Advisers Act. Realterm has implemented a policy that requires preclearance of all political contributions.

### *Outside Business Activities*

Certain employees serve, or may in the future seek to serve, as directors, trustees, or officers of outside organizations, such as public or private corporations, partnerships, charitable foundations and other not-for-profit institutions, or in other capacities outside of their employment at Realterm. In some cases, employees will also receive compensation for such activities. As an outside board



member or officer, Realterm personnel may come into possession of material, non-public information about the outside organization (if a public company), or other public companies. If Realterm has a business relationship with the outside organization or seeks a relationship in the future, personnel must not be involved in the decision to retain or hire the outside organization. Outside business activities also shall generally not require long hours such that it would interfere with an employee's job performance. To prevent conflicts of interest that may arise from outside business activities, Realterm has adopted and implemented policies and procedures that require review and pre-approval of all outside business activities.

## **Item 12. Brokerage Practices**

Because Realterm-sponsored Investment Funds are not trading funds *per se* that have actively managed portfolios, but rather invest primarily in real assets, the Adviser does not generally engage broker-dealers and other financial intermediaries to execute portfolio trades. On a much more limited basis, Realterm may make recommendations for investing in short-term, highly liquid, cash management vehicles, such as money market mutual funds or currency investments. Investments in liquid and short-term assets typically are in connection with client funds awaiting investment in real assets or real asset-related investments. In this respect, Realterm typically effectuates these kinds of transactions through commercial banking institutions. Realterm periodically reviews the costs of such activities to determine if transaction expenses are at market terms.

Realterm does not obtain any research or brokerage services, as defined in Section 28(e) of the U.S. Securities Exchange Act of 1934, in exchange for the client commissions generated from portfolio trades. Additionally, Realterm is not party to any directed brokerage arrangements.

## **Item 13. Review of Accounts**

In general, Realterm's respective Fund asset management teams have the responsibility annually to review each property investment in depth. At the end of this annual review, Realterm will prepare a capital plan and an operating budget. The investment committees that Realterm has established for each Fund approve the overall plan for each Fund account. On a quarterly basis, Realterm's respective asset management teams will review a summary of each investment, compare it to the plan, update financial projections and oversee investment valuations. Realterm will review quarterly reports prepared by local property managers and, in cases where these reports vary significantly from the plan, will notify the asset management team of the variance. Investments and accounts are also reviewed on an *ad hoc* basis by the senior management of Realterm or other personnel responsible for determining general Fund advice, usually as the circumstances of either the investment or the Fund change. Factors that could trigger an *ad hoc* review include a change in the following: tenancy; tenant financial profile; property income or expense; tenant prospects; or tenant receivables.

For the real estate investment vehicles, Realterm prepares quarterly reports for investors showing the acquisitions and dispositions of each investment vehicle or Fund's assets. The Funds are subject to an annual audit by an independent public accounting firm that is a member of the Public

Company Accounting Oversight Board (“PCAOB”). Realterm distributes audited annual reports to investors in Realterm-sponsored Funds within 120 days of the vehicle’s fiscal year end.

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

Realterm and/or its affiliates intend to provide certain business or consulting services to investments in a Fund’s portfolio and expect to receive compensation from these Funds in connection with such services. As described in the Governing Documents, this compensation will, in certain instances, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, with respect to certain Supplement Fees), these fees are in addition to Management Fees. See “Fees and Compensation.”

Realterm reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be borne by Realterm.

#### **Item 15. Custody**

Affiliates of the Adviser are considered to have custody of the Funds’ cash and securities for purposes of Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act. All such cash is held with qualified custodians. Adviser affiliates rely on an exception available to “pooled investment vehicles” from various reporting and surprise audit obligations imposed by the SEC’s Custody Rule. This exception requires the Adviser to engage an independent public accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board (“PCAOB”) and to distribute audited annual financial statements, prepared in accordance with GAAP or other substantially similar accounting standards, to fund investors within a prescribed period.

Financial statements for all Funds organized in the United States are (i) prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”), (ii) audited in accordance with U.S. Generally Accepted Auditing Standards, and (iii) distributed to the Fund’s investors within 120 days after the Fund’s fiscal year-end.

Financial statements for Funds organized outside of the United States that have U.S. investors are prepared under accounting principles as defined in the governing documents and will either be (i) prepared in accordance with U.S. GAAP and audited under U.S. Generally Accepted Auditing Standards or (ii) prepared in accordance with International Financial Reporting Standards (“IFRS”) to include an IFRS to U.S. GAAP reconciliation and audited under both U.S. Generally Accepted Auditing Standards and International Financial Reporting Standards. Audit reports will be distributed to the Fund’s investors within 120 days after the Fund’s fiscal year-end.

#### **Item 16. Investment Discretion**

Realterm maintains discretionary authority to manage certain investment vehicles on behalf of its Funds. Where applicable, Realterm’s discretion is limited by the investment guidelines and conditions contained either in its Advisory Agreement with each Fund and/or in such Fund’s

Governing Documents. The parameters of these guidelines can vary by Fund. All investors receive disclosure of investment guidelines and Fund operations prior to their investment.

**Item 17.        Voting Client Securities**

Neither the Adviser, Realterm, nor any other affiliate votes proxies on behalf of Funds. If the Adviser were to be required to vote proxies on behalf of its Funds, the Adviser would vote in accordance with its policies and procedures and its fiduciary duties and provide required reporting to its Funds regarding such voting, as applicable. For a copy of Realterm's proxy voting policy, email the firm's CCO at [jrosenberg@realterm](mailto:jrosenberg@realterm).

**Item 18.        Financial Information**

Neither the Adviser, Realterm, nor any affiliate assesses any fees more than six months in advance of any services rendered to the Funds. There are no financial conditions of which the Adviser, Realterm, or an affiliate is aware that would impair the Adviser's ability to render the advisory services for which the Adviser is responsible under its advisory agreements.