

Item 1 – Cover Page

Eightfold Real Estate Capital, L.P.



Disclosure Brochure

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This brochure ("Brochure") provides information about the qualifications and business practices of Eightfold Real Estate Capital, L.P. ("Eightfold" or the "Company"). If you have any questions about the contents of this Brochure, please contact us at rwolpert@eightfoldcapital.com or by calling (305) 503-4054. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Eightfold is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2 - Material Changes

Eightfold's most recent annual update to Part 2 of Form ADV was made in March 2023.

This Brochure has been further updated to clarify certain risk disclosures. In addition, Eightfold routinely makes updates throughout the Brochure to improve and clarify the description of its business practices, compliance policies and procedures, as well as to respond to evolving industry best practices.

Since our last annual update, Eightfold has not made any material changes to this Brochure.

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Item 4 - Advisory Business

Eightfold, a Delaware limited partnership organized in March 2012, is primarily owned (70%) and controlled by SW7 Partners, L.P. which is owned or controlled by: Robert Cherry, Larry Golinsky, Isaac Pesin, Ronald E. Schrager, Brian A. Tageson, Kevin W. Wodicka, and Randolph J. Wolpert (collectively the “Partners”). Four private funds managed or formed by Abrams Capital Management, L.P. (“Abrams”), own the remaining interest (30%) in Eightfold.

Eightfold currently provides discretionary investment advisory services and management services to eleven private pooled investment vehicles: Eightfold Real Estate Capital Fund I, L.P. (“Fund I”), Eightfold Real Estate Capital Fund II, L.P. (“Fund II”), Eightfold Real Estate Capital Fund III, L.P. (“Fund III”), Eightfold Real Estate Capital Fund IV L.P. (“Fund IV”), Eightfold Real Estate Capital Fund V L.P. (“Fund V”), and Eightfold Real Estate Capital Fund VI L.P. (“Fund VI”, and collectively with Funds I-V, the “CMBS Funds”) and Eightfold Opportunity Fund I, L.P. (“Opportunity Fund I”) (f/k/a/ Eightfold Structured Real Estate Fund I, L.P.), Eightfold Opportunity Fund II, L.P. (“Opportunity Fund II”) (f/k/a Eightfold Structured Real Estate Fund II, L.P.), Eightfold Opportunity Fund III, L.P. (“Opportunity Fund III”), Eightfold Opportunity Fund IV, L.P. (“Opportunity Fund IV”) and Eightfold Opportunity Fund V, L.P. (“Opportunity Fund V”, and collectively with Opportunity Funds I-IV, the “Opportunity Funds”). The CMBS Funds and the Opportunity Funds are referred to herein individually as a “Fund” and collectively as the “Funds”. The investors in Fund I, Fund II, Opportunity Fund I and Opportunity Fund II solely consist of certain Partners, current and former employees and Abrams entities. In addition, Opportunity Funds I-IV and Funds I-V are closed and are no longer in their investment period.

As permitted by a Fund’s Limited Partnership Agreement, Eightfold may agree with investors in the Funds to waive or modify the application of certain provisions of the investment terms applicable to such investor in a “side letter” or in any other manner (provided the change does not disadvantage other investors in the Fund), without obtaining the consent of such other investors.

The Funds invest primarily in commercial real estate debt products and commercial real estate. Fund VI invests solely in commercial mortgage-backed securities (“CMBS”), primarily below investment grade and unrated CMBS. Opportunity Fund V invests primarily in real estate and non-CMBS real estate related products. Eightfold does not generally provide advice with respect to other types of investments. In addition, Eightfold provides investment advice directly to the Funds, and does not tailor advisory services to the individual needs of the limited partners of the Funds.

The Company has approximately \$1,338 million of Regulatory Assets under Management as of December 31, 2023 managed on a discretionary basis.

Item 5 - Fees and Compensation

Compensation received by Eightfold is comprised primarily of management fees based on a percentage of (i) committed capital during the investment period of a Fund and (ii) invested capital after the investment period has ended. Management fees may vary by Fund. As an SEC-registered adviser, Eightfold is not required to include a fee schedule because our brochure is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940. Qualified purchasers may view the applicable Fund's offering documents for specific fee information.

Pursuant to the Fund's offering documents, management fees are paid in advance at the beginning of each month; to the extent Eightfold's advisory services terminate prior to the end of the relevant month there is a provision for repayment.

Each Fund typically pays an Eightfold affiliate serving as General Partner an incentive distribution once the amounts distributed to limited partners equal their capital contribution plus a specified preferred return. See Fund offering documents for specific incentive fee structures.

Eightfold may waive or reduce the management and/or incentive fee for certain investors, primarily those affiliated with Eightfold and certain other investors.

In addition to the management fee and incentive allocation discussed above, the Funds are typically responsible for fees and expenses relating to, among other things,

- All organizational expenses in connection with the formation of the Funds, the General Partners and any parallel funds and feeder funds and any subsidiaries (including subsidiary REITs) and any restructuring or amendments to the constituent documents of any such entity and including travel, legal, accounting, filing and other expenses in connection with the offer and sale of interests in the Funds and any parallel funds and feeder funds (in some cases with a cap);
- All costs incurred by the Fund, the General Partner or Eightfold that are related to the Fund's operations, including but not limited to
 - All costs and out of pocket expenses related to the investigation of and due diligence regarding investment opportunities, regardless of whether consummated.
 - Costs and expenses related to the acquisition, ownership, management, operation, financing, hedging or sale of investments, including travel expenses
 - Costs and expenses related to meetings with or reporting to limited partners
 - Fees and expenses for accounting, auditing, research, consulting, insurance and legal services, administration services, including fees and expenses paid to outside accountants, appraisers, insurance brokers, legal or insurance service providers and other agents and consultants
 - Costs related to risk management services and insurance for the Fund, including insurance to protect the Fund, the General Partner, the Manager and the Limited Partners in connection with the performance of activities related to the Fund
 - Subject to the terms of the Fund's governing documents, costs relating to the Fund's indemnification, including costs of any litigation and any judgments or settlements payable in connection therewith
 - Extraordinary expenses associated with the operation of the Fund and its investment activities (e.g., litigation expenses associated with third party litigation and investigations, settlements and/or reviews with respect to the Fund)
 - Interest on, and fees and expenses arising out of, all borrowings of the Fund

- Out-of-pocket charges and expenses for administering the Fund to the extent that such charges relate to services provided by third parties, including maintaining the Fund's general ledger, investment reporting, preparing the Fund's financial statements, tax returns and reports to Partners, Schedule K-1 and performing insurance and legal services
- Expenses and costs incurred in connection with governmental and regulatory filings (including those related to the Alternative Investment Fund Managers Directive, but excluding Form ADV)
- Expenses incurred in connection with liquidating the Fund
- Expenses and fees of depositary, fund administrator services and similar services,
- Any taxes, fees or other governmental charges levied against or withheld from payments to the Fund and all expenses incurred in connection with any tax audit, investigation, assessment, settlement or review of the Fund
- Costs associated with making, monitoring, managing or disposing of Investments, including travel expenses
- Costs of any third parties and, subject to the governing documents, any affiliates retained to provide services to the Fund
- all other expenses not specifically provided for that are incurred by Eightfold or its affiliated general partners in connection with organizing any subsidiary, operating the Fund, or performing the duties of the General Partner other than (i) ordinary and usual office overhead expenses, furniture, fixtures and office equipment of Eightfold or the affiliated General Partner, and (ii) compensation of the employees of Eightfold or the affiliated General Partner.

Please see each Fund's offering documents for specific details regarding applicable Fund expenses.

To the extent that there are expenses attributable to Eightfold and one or more Funds, expenses will be allocated in a manner that Eightfold believes is fair and that is consistent with disclosures and Eightfold internal policy, which specifies that shared expenses be allocated based upon the service and its utility to Eightfold and each applicable Fund, taking into account each Fund's investment strategy and whether or not a Fund is within its investment period. Annually, Eightfold reviews and if necessary, adjusts the allocations as needed.

Item 6 - Performance-Based Fees and Side-by-Side Management

As indicated in the **Fees and Compensation** section above, an Eightfold affiliate serves as the general partner to each Fund and charges fees that are based on the realized gains of Fund assets (i.e., performance-based fees/allocations). Compensation, returns and incentives to members of the management team may vary from Fund to Fund, and the management team members' investment outlook, strategy and tolerance may be impacted by such differences. Although specific fee rates vary and arguably creates an incentive to favor one Fund over another, the fee structures for each of the Funds are similar, thus mitigating the risk that one or more Funds may receive favorable treatment in order to maximize income earned by the Company. Additionally, Eightfold has a fiduciary duty to treat each of its clients fairly and maintains an investment allocation policy for use when an investment opportunity is suitable for more than one Fund. This point also mitigates the conflict of interest. Further, generally only one Fund with a specific investment strategy will be in its investment period at any given time, minimizing the risk that Eightfold would favor one Fund over another (see **Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss** below).

Item 7 - Types of Clients

Eightfold provides investment advisory services to the Funds, which are exempt from registration as “investment companies” under the Investment Company Act, as amended (the “Company Act”).

The Funds’ investors are “qualified purchasers”, as defined in the Company Act, and may include, among others, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, limited partnerships, limited liability companies, and individuals.

The offering documents for each Fund set minimum amounts for investment by prospective investors which range from \$2 million to \$5 million. Eightfold has waived, and reserves the right to modify or waive, the minimum new investment commitments for the Funds from time to time.

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

The CMBS Fund Strategy

In its CMBS strategy, Eightfold attempts to maximize returns and mitigate risk in its transactions through intensive due diligence prior to the acquisition of its target investments, followed by thorough and disciplined management of assets after they are acquired. Eightfold's credit analysis prior to the acquisition of investments is based on an extensive underlying property and loan level due diligence process. Eightfold typically invests on behalf of its CMBS Funds in CMBS which are bonds backed by pools of commercial loans.

Eightfold, utilizing both internal and contracted resources conducts independent analyses of loan models and expected cash flows in order to arrive at independent cash flow and value for each underlying asset. Each investment is evaluated based on Eightfold's review of the underlying assets and potential investments may be renegotiated or restructured in order to meet Eightfold's underwriting and return criteria.

Eightfold's typical CMBS investment affords it the right to control certain decisions on each underlying loan as the representative of the controlling class in the CMBS transaction ("Controlling Class"). Eightfold conducts, on behalf of the CMBS Funds, ongoing active investment management process through its loan surveillance effort in order to identify future risks in each CMBS pool. Additionally, the Partners have substantial experience in working out loans, and as Controlling Class representative, have the ability to appoint the special servicer (who is responsible for managing loans that go into default or become delinquent during their term or at maturity) and oversee the activities of the special servicer which it believes may positively influence the recovery rate on the underlying commercial mortgage loans, enhancing returns for its investors.

The Opportunity Fund Strategy

In its Opportunity Fund strategy, Eightfold attempts to identify non-CMBS investments, which could include equity investments in real property and/or notes secured by mortgages on real property as well as mezzanine or preferred equity investments that offer an opportunity to add value through more effective management and the availability of capital. Eightfold typically sources investments through existing relationships and referrals. Once a potential opportunity is identified and preliminarily vetted, Eightfold will work to understand deal specifics in more detail including the parties involved, projected performance and sensitivities, deal capitalization and structure and overall risks, opportunities and mitigants. Once Eightfold deems an investment as appropriate for the Fund, it will perform asset-specific legal and financial due diligence prior to closing the investment. Post-closing, Eightfold will monitor the deal including overall strategic direction, approval of annual operating and capital budgets, lease approvals, review of periodic financial statements and any other specific property- or asset-specific issues. Unlike CMBS deal structures, real estate and other non-CMBS deal structures vary widely and the process and terms are tailored to the specifics of each deal.

Eightfold, even when it sources deals directly for the Opportunity Funds, typically will not operate real property on its own and will work with operating partners to lease, manage and/or asset manage real properties. For each specific deal, operating partners are (i) compensated if they provide these services and (ii) receive a portion of the profits once the fund receives a return on (at a specified rate that varies by deal) and of its invested capital; these fees and profit participations will reduce the amounts available for distribution to the applicable Fund. However, if necessary, Eightfold can take on the role of asset manager and directly employ a leasing agent and/or property manager. In certain cases, such as a purchase of a note secured by real property, Eightfold may directly service that loan or oversee a third-party servicer. Regardless of whether Eightfold is involved in day-to-day oversight of the asset, Eightfold will typically

retain certain control rights over major decisions, including but not limited to budget approval, execution of major leases, decisions regarding capital events (i.e., sale or refinancing) and the ability to remove an operating partner if they are not performing.

Material Risks of Significant Investment Strategies

The risk factors summarized below include material risks generally relating to the CMBS and real estate strategies. The following is a brief summary of certain risks related to Eightfold's investment strategies and does not purport to be a complete list or explanation of the risks involved in an investment in any Fund. The offering materials and/or governing documents of each Fund will typically include a more detailed summary of material risks applicable to such Fund and its investment strategy and structure, as applicable, and should be read in conjunction with the discussion of risks below.

General Risks Related to both the CMBS and Opportunity Fund Strategies

- ◆ ***Risk of Loss.*** Acquiring an interest in a Fund involves a number of risks. An investment in a Fund involves a substantial degree of risk, may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Fund. No guarantee or representation is made that any Fund will achieve its investment objective or that limited partners will receive a return of their capital.
- ◆ ***Environmental Risks on Real Estate.*** In the event a Fund owns or becomes an owner of real estate, through purchase, foreclosure or otherwise, the Fund may be exposed to risk of loss from environmental claims arising with respect to such real estate, and the potential losses may exceed the Fund's investment therein. Additionally, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition and that could not have been foreseen.
- ◆ ***Hedging Transactions.*** Eightfold may, but is not obligated to, utilize financial instruments to hedge certain of its investments and the interest rate risk associated therewith. There can be no assurance that Eightfold will hedge when appropriate or choose the correct hedge if it does hedge. The use of hedging transactions involves certain risks, including: (i) the possibility that the market will move in a manner or direction that would have resulted in gain for a Fund had a particular hedging transaction not been utilized, in which case a Fund's performance would have been better had the Fund not engaged in the hedging transaction; (ii) the risk of imperfect correlation between the risk sought to be hedged and the hedging instrument used; and (iii) potential illiquidity for the hedging instrument used, which may make it difficult or costly for the Fund to close-out or unwind a hedging transaction. The Fund's ability to hedge may be constrained by the requirements of CFTC Rule 4.13(a)(3) (which imposes certain limitations on an investment vehicle's ability to utilize commodities, including interest rate swaps) in connection with the Fund's exemption from registration with the CFTC.
- ◆ ***Bank Failures.*** The economic and regulatory environment is raising the risk of bank failures. Exposure to the risk of bank failure for the Funds can happen directly through depositary accounts exceeding FDIC limits and via exposure through loans, subscription facilities, escrow accounts and security deposits either held in cash or via letters of credit issued by such banks that may no longer be available to be drawn upon. These risks can apply at the management company, Fund and/or investment level and could affect the performance of the Funds. This risk could also impact the ability of the Funds to source new investments and refinance or sell existing investments and could also impact custody of Fund assets. Eightfold will attempt to mitigate these risks by keeping track of various banking relationships, acting on contractual provisions where a bank failure triggers a change, limiting depositary account amounts to the FDIC insured levels where practical and employing other cash management options. As of the date of this filing Eightfold has no direct impact from the current bank failures.

- ◆ **Cybersecurity - Data and Information Security Systems.** The General Partner, Eightfold, the Fund's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and the Investors, despite the efforts of the General Partner, Eightfold and service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and the Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the General Partner, Eightfold and the Fund's service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third party service providers or other users of the General Partner's or Eightfold's systems to disclose sensitive information in order to gain access to their data or that of the Investors. A successful penetration or circumvention of the security of the General Partner's or Eightfold's systems could result in the loss or theft of an Investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Fund, the General Partner, Eightfold or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.
- ◆ **Climate Change.** There is significant concern from members of the scientific community and the general public that an increase in global average temperatures due to emissions of greenhouse gases and other human activities have or will cause significant changes in weather patterns and increase the frequency and severity of climate stress events. Climate change, including the impact of global warming, creates physical and financial risk. Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in intense precipitation and extreme heat events, as well as tropical and non-tropical storms, which could adversely impact a Fund's returns.
- ◆ **Pandemics and COVID-19.** The outbreak of the novel and highly contagious COVID-19 or "coronavirus" across many countries around the globe, including extensively in the United States materially and adversely slowed global commercial activity, contributed to significant volatility in financial markets, and caused many to fear a potential United States and/or global recession and significant loss of employment. COVID-19 resulted in numerous social and business restrictions beginning in earnest in March 2020 and they quickly had a material adverse impact on economic and market conditions in the United States and around the world, including the Fund's target markets. While it appears that public health officials and governmental authorities globally and/or in the markets in which the Fund operates will not impose additional restrictions there is no guaranty that will be the case or that a new pandemic may emerge that will have similar effects as COVID-19 which makes it impossible for Eightfold to predict with certainty the impact that this could have on the Funds and their investments. Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Funds, the pricing and fair value of their investments and could adversely affect the Funds' ability to fulfill their investment objectives. The full extent to which COVID-19 or any other pandemic impacts the Funds operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence at this time. The fluidity of the situation presents material uncertainty and risk with respect to the Fund's financial condition, results of operations, cash flows, liquidity and overall performance. Many risk factors set forth herein and in the Funds' offering documents are heightened as a result of the impact of COVID-19 or any future pandemic.

In addition, the operations of the Funds, their subsidiaries and investments, the General Partner and Eightfold may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and

other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

- ◆ ***Force Majeure Events.*** Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a portfolio investment or other service provider) to perform its obligations until it is able to remedy the force majeure event. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on portfolio investments. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and business activity generally. Prolonged changes in climatic conditions may have significant impact on the revenues, expenses and conditions of certain Eightfold private fund investments. While the precise future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. These natural occurrences could cause certain portfolio investments and other service providers to incur expenses to prevent damages. Any of the foregoing may therefore adversely affect the performance of Eightfold private funds and their investments.
- ◆ ***Enhanced Scrutiny and Potential Regulation of Private Funds.*** On August 23, 2023, the SEC adopted a package of new rules and amendments (with an effective date of early/mid-2025) that will significantly affect private fund advisers, including advisers that are not registered with the SEC under the Advisers Act (the "Private Fund Rules"). Among other things, the Private Fund Rules may restrict activities that had previously been addressed through disclosure, while significantly expanding the information being provided to both private fund investors as well as the SEC with respect to its examination and enforcement activities. The time and expenses of adhering to the Private Fund Rules may result in additional resources of general partners and the Funds being devoted to regulatory reporting and compliance-related obligations, which may have an adverse effect on the ability of the Funds to effectively achieve their investment objectives. Furthermore, uncertainty regarding the implementation and potential enforcement of the Private Fund Rules may result in an increased risk of enforcement actions by the SEC.
- ◆ ***Geopolitical Risks.*** Geopolitical risks, including those arising from trade tension and/or the imposition of trade tariffs, terrorist activity or acts of civil or international hostility, could have an adverse impact on Eightfold. For instance, the Ukraine-Russia and Israel-Hamas wars and potential escalation have and may continue to result in geopolitical instability and adversely affect the global economy, supply chains, specific markets and operations. Any such events and responses, including regulatory developments, may cause significant volatility and declines in the global markets, disproportionate impacts to certain industries or sectors, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage, and may adversely affect the global economy or capital markets, as well as the Eightfold's investments, operations, clients, vendors and employees.

Risks Related to the CMBS Funds

- ◆ ***Risks Relating to CMBS.*** The Structured Finance Securities in which Eightfold may invest on behalf of the Funds are expected to consist of CMBS that are secured by commercial mortgage loans having a

multi-family or commercial use, such as shopping malls, other retail space, office buildings, industrial or warehouse properties, hotels, self-storage, parking lots, nursing homes and senior living centers. In addition to the risks described above, the commercial mortgage loans underlying CMBS are subject to particular risks, including lack of standardized terms, shorter maturities than residential mortgage loans and payment of all or substantially all of the principal only at maturity rather than through regular amortization of principal. Additional risks may be presented by the type and use of a particular commercial property (e.g., hospitals, nursing homes, hospitality properties and certain other property types). Commercial property values and net operating incomes are subject to volatility, which may result in the net operating income becoming insufficient to cover debt service on the related mortgage loan. The Fund may purchase CMBS backed by a trust that includes one or more loans whose proceeds were used to repay a loan in a CMBS trust owned by another Fund, the repayment of which may positively impact the other Fund. The Fund may purchase CMBS backed by a trust containing a loan whose borrower is directly or indirectly owned by an Opportunity Fund.

- ◆ ***Third-Party Servicer.*** Most investments will comprise securities collateralized by pools of loans or receivables for which certain management functions - such as, for example, payment collection and deposit, escrow and impound collections, lender consents, record-keeping or reporting with respect to payment collections and deposits - are performed by asset servicers, including master services and special servicers. In the event that a servicer for one of the Fund's assets experiences operational or financial difficulties, a Fund's investment could experience asset deterioration or payment delay, reduction or suspension, thereby compromising the asset's value. Servicers may, with or without the consent of the Controlling Class representative, take unilateral actions on loans that could negatively affect the loan's performance.
- ◆ ***Special Servicer.*** A Fund, by virtue of its designation as the Controlling Class representative, has discretion to designate a trust's special servicer. The special servicer's contractual responsibility is to the trust and typically must seek the Controlling Class representative's approval for certain actions on loans. Although the Fund may have the right to appoint the trust's special servicer and may have limited rights to consult with, and direct or approve certain servicing actions of, the servicer or special servicer appointed pursuant to the related senior debt, such rights will terminate if the principal balance of the Fund's investment in the b-piece is reduced below a specified percentage of its initial principal balance, as the result of principal write-downs or appraisal reductions. Thus, while a reduction in the value of the face of the bond held by a Fund would have an adverse effect on the Fund's investment, the shifting of the Fund's right to appoint the special servicer to a more senior debt holder could also result in an adverse effect on the Fund's investment.
- ◆ ***Subordination of Investments Generally.*** Certain investments will be in subordinated CMBS. These investments will generally be subordinated to the senior obligations of the underlying property or issuer, either contractually or inherently due to the nature of the securities. In addition, these securities may have limited liquidity. Adverse changes in an underlying borrower's financial condition and/or in general economic conditions may impair the ability of the borrower to make payments on the subordinated securities and cause it to default more quickly with respect to such securities than with respect to the borrower's senior obligations.
- ◆ ***Risks Inherent in Investing in Subordinate CMBS.*** Below-investment grade CMBS support and are subordinate to the higher rated senior securities in the CMBS transaction. Please see *Subordination of Investments* above.

The Fund will attempt to underwrite its investments on a "loss-adjusted" basis, which projects a certain level of performance. However, there can be no assurance that this underwriting will accurately predict the timing or magnitude of such losses. To the extent that this underwriting has incorrectly anticipated timing or magnitude of losses, limited partners may be exposed to low or negative returns. The Fund anticipates that some mortgage loans will default. Under such circumstances, cash flows of investments

held by the Fund will be adversely affected since any reduction in the mortgage payments or principal losses on liquidation of any mortgage loan are applied first to the most subordinate class outstanding of each CMBS transaction. Additionally, actions taken by the master servicer or special servicer with or without the Fund's consent may impact an asset's default and loss risk.

- ◆ ***Special Risks Relating to Commercial Mortgage Loans.*** Commercial mortgage loans underlying CMBS have certain distinct risk characteristics. Mortgage loans on commercial properties generally lack standardized terms, which may complicate their structure and increase due diligence costs. Commercial real estate properties tend to be unique and are more difficult to value than residential real estate properties. In addition, commercial real estate properties, particularly industrial and warehouse properties, are generally subject to relatively greater environmental risks than non-commercial properties and to the corresponding burdens and costs of compliance with environmental laws and other regulations.

Additional details about the methods of analysis, investment strategies, and risks associated with the CMBS Funds are set forth in each CMBS Fund's offering memorandum.

Risks Related to the Opportunity Funds

Eightfold's real estate strategy pursued by the Opportunity Funds focuses on opportunities where Eightfold believes it has a competitive advantage related to its areas of expertise and experience in real estate, and more specifically, its experience in loan underwriting, special servicing and workouts. Eightfold, on behalf of the Opportunity Funds, attempts to maximize returns and mitigate risk in its transactions by targeting investments with an attractive supply/demand dynamic, specifically, smaller-sized transactions where less competition leads to inefficiencies in the market and better pricing power.

- ◆ ***High-Risk Investments.*** Security for an Opportunity Fund's loan investment may include distressed commercial properties, mortgages, liens on high-risk collateral, or notes or pledges made by high-risk borrowers, including sub-prime and non-performing loans. Such assets generally carry below-investment grade credit ratings or are not rated at all. These assets and/or the loans underlying these types of assets may be in default or may have a greater than normal risk of future defaults, delinquencies, bankruptcies or fraud losses.
- ◆ ***Maintenance and Repair.*** An Opportunity Fund may, in certain instances, be responsible for structural repairs, improvements, upgrades and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted will reduce the cash available for distribution and may require the Opportunity Fund to cover deficits resulting from the operation of a property.
- ◆ ***Insurance; Casualty Losses; Uninsurable Losses.*** With respect to the mortgages on commercial properties ("Commercial Mortgage Loans") in which Eightfold invests on behalf of the Opportunity Funds, the applicable lenders may require that borrowers obtain and maintain customary liability and casualty insurance for the properties that serve as collateral for such loans. However, there can be no assurance that insurance will be available or sufficient to cover any such risks.
- ◆ ***Third-Party Involvement.*** Some investments may be made as a partner or in joint venture with the seller of an asset, an affiliate of the seller, an investor unaffiliated with the Opportunity Fund or its affiliates, or other persons. These investments may involve risks not inherent in other types of investment vehicles, including, for example, the possibility that such third-party entities may become insolvent and bankrupt, have economic or business interests or goals inconsistent with those of the Opportunity Fund or otherwise be in a position to take action inconsistent with the Opportunity Fund's objectives, desires or policies. Actions taken by bankrupt entities could subject the Opportunity Fund to liabilities larger than, or other than, those anticipated.
- ◆ ***Special Risks Relating to Commercial Mortgage Loans.*** Commercial mortgage loans have certain distinct risk characteristics. Mortgage loans on commercial properties generally lack standardized terms,

which may complicate their structure and increase due diligence costs. Commercial real estate properties tend to be unique and are more difficult to value than residential real estate properties. In addition, commercial real estate properties, particularly industrial and warehouse properties, are generally subject to relatively greater environmental risks than non-commercial properties and to the corresponding burdens and costs of compliance with environmental laws and other regulations.

- ◆ ***Investment in Troubled Assets.*** On behalf of the Opportunity Funds, Eightfold may hold or make investments in non-performing or other distressed debt interests, including sub-prime and non-performing loans, which are secured directly or indirectly by real estate. By nature, these assets and/or the loans underlying these types of assets have a greater than normal degree of financial risk and there can be no assurance that an Opportunity Fund's rate of return objectives will be realized or that there will be any return of capital from such investments.
- ◆ ***Market Risk; Downturn in the Real Estate Industry.*** The performances of certain of the Opportunity Funds' investments are vulnerable to downturns in various economic environments. U.S., regional or local economic declines may negatively affect the payments of borrowers or the performance of real estate assets. The prices for investment sales, and the prices, terms and conditions for investment refinancing may be threatened by unanticipated declines in various economic environments – thereby reducing or extinguishing anticipated returns of capital and internal rates of return.
- ◆ ***Real Estate Capital Markets.*** The real estate capital markets are dynamic, continually evolving and impacted by many variables, including those highlighted in "Market Risk; Downturn in the Real Estate Industry" above. An Opportunity Fund's strategy, targeted investments, targeted portfolio composition and targeted returns were formulated based on the current environment at the launch of the Opportunity Fund. The real estate capital markets, financing techniques and products are likely to materially change over the term of the Opportunity Fund and adapting to such changes and/or the General Partner's inability to successfully adapt the Fund to some or all of such changes may negatively impact the performance of the Opportunity Fund.
- ◆ ***Follow-On Investments.*** Following an initial investment, an Opportunity Fund may be called upon to make follow-on investments. There is no assurance that the Opportunity Fund will make follow-on investments or will have sufficient funds to make all such follow-on investments. Any decision by Eightfold not to make follow-on Investments or an Opportunity Fund's inability to make them may have substantial negative impact on the original investment and may result in missed opportunities or may result in the dilution of investments (in the event alternative capital is used to satisfy such additional funding needs).
- ◆ ***Changes in Market Circumstances.*** An Opportunity Fund faces risks attendant to changes in economic environments, changes in interest rates, instability in certain securities markets, changes in the relative valuations of its target investment sectors and changes in the availability of, and/or the general terms and conditions for, investment financing, among other factors — any one of which could adversely affect investment returns. In addition, major market disruptions could occur which could significantly impair the value of the portfolio.

Additional details about the methods of analysis, investment strategies, and risks associated with the Opportunity Funds are set forth in each Opportunity Fund's offering memorandum.

Item 9 - Disciplinary Information

Eightfold and its management personnel have not been involved in any legal or disciplinary events in the past ten years that would be material to a client or investor's evaluation of the Company or its management personnel.

Item 10 - Other Financial Industry Activities and Affiliations

As mentioned in **Item 4 -Advisory Business** above, Eightfold is partially-owned by private funds managed by Abrams. In addition, funds managed by Abrams own a significant partnership interest in Fund III, Fund IV, Fund V, and Opportunity Funds I, II, III, IV and V as a limited partner. While Abrams does not play an active role in Eightfold's investment management or in its day-to-day operations, Eightfold's management team may nonetheless be influenced by Abrams' equity stake in Eightfold and its significant capital commitments across all of the Funds. Eightfold also manages other pools of capital, some of which may hold interests which are not completely aligned with the interests of Fund III, Fund IV, Fund V or Fund VI, including for example securities of a different seniority to those held within the same issuance by these Funds. While the rights and obligations of the different securities are typically governed by and put in place at the time of initial issuance of such securities, direct or indirect conflicts of interest may nonetheless be present or arise between any of the CMBS Funds and capital managed on behalf of Abrams. Abrams is not required to refrain from taking action for the funds it manages that may favor those funds at the expense of Eightfold's Funds. In addition, should there be adverse developments relating to Abrams, whether or not related to Eightfold or a Fund, or an adverse development in the relationship between Abrams and Eightfold, this could adversely affect a Fund with respect to its reputation, finances, resources or otherwise.

Eightfold organizes and sponsors the Funds. Affiliated entities of Eightfold serve as the general partners of, and control, the Funds. These general partners are considered SEC registered investment advisers under Eightfold's registration. Eightfold or its affiliated entities are responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds' investment activities.

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

Code of Ethics and Personal Trading

Eightfold permits its employees to engage in personal securities transactions. To help avoid potential conflicts of interest involving personal trades, Eightfold has adopted a Code of Ethics (“Code”), which includes policies and procedures relating to insider trading and personal securities transactions. Eightfold’s Code requires, among other things, that the Company’s employees comply with the spirit and the letter of the federal securities laws and the rules governing the capital markets. Employees are expected to adhere to the highest standards of care with respect to any potential conflicts of interest with the Funds and/or Fund investors and may not benefit at the expense of a client.

Eightfold’s Code also requires employees to: (1) pre-clear certain personal securities transactions, (2) report personal securities transactions on at least a quarterly basis, and (3) provide Eightfold with a detailed summary of holdings (both initially upon commencement of employment and annually thereafter) over which the employee has a direct or indirect beneficial interest.

A copy of Eightfold’s Code will be provided to any investor upon request. Please contact the CCO, Randolph Wolpert at rwolpert@eightfoldcapital.com or (305) 503-4054 to request a copy of the Code.

Conflicts of Interest

In connection with any such transactions outlined below, Eightfold and its affiliates may have a potentially conflicting division of loyalties and responsibilities regarding the participating Opportunity Fund and CMBS Fund. Any such transactions will be effected in accordance with fiduciary requirements, applicable law, the terms of the governing documents of the affected Funds and Eightfold’s conflicts of interest policies and procedures.

- ◆ **Participation or Interest in Client Transactions**

Eightfold generally does not recommend to clients, or buy or sell for client accounts, securities in which the Company or a related person has a material financial interest. However, as mentioned above under **Item 10 - Other Financial Industry Activities and Affiliations**, Funds managed by Eightfold may hold interests which are not completely aligned with the interests of the CMBS Funds, including for example securities of a different seniority to those held within the same issuance by the Fund(s). While the rights and obligations of the different securities are typically governed by and put in place at the time of initial issuance of such securities, direct or indirect conflicts of interest may nonetheless be present or arise as between one Fund and Eightfold’s management of another Fund and/or capital managed on behalf of Abrams.

- ◆ **CMBS Funds**

Members of the management team may have investments in funds sponsored by or affiliated with Eightfold as well as investments in non-affiliates. The performance of and financial returns on such other investments may be at odds with those of the Funds. In addition, Funds may hold classes of securities which are more senior or more subordinate than certain of the CMBS held by other Funds, which may result in certain conflicts of interest if Eightfold is entitled to exercise certain rights and remedies relating to such CMBS.

In certain circumstances, a defaulted asset in a CMBS trust where one Fund owns bonds may be an appropriate investment for an Opportunity Fund. If such asset is purchased by an Opportunity Fund without being exposed to the market it could disadvantage the CMBS Fund if the CMBS trust does

not receive the best price causing the Fund-owned bonds to receive less cash than it would have had the asset been sold at a higher price. Conversely, if the Opportunity Fund pays a price greater than would have been received had the asset been exposed to the market, the Fund-owned bonds would receive more cash thus advantaging the CMBS Fund to the detriment of the Opportunity Fund.

- ◆ **Opportunity Funds**

As discussed above, an Opportunity Fund may purchase assets from a trust controlled by a CMBS Fund which could positively affect the CMBS trust to the detriment of the Opportunity Fund. In connection with any such transactions, Eightfold and its affiliates may have a potentially conflicting division of loyalties and responsibilities regarding the participating Opportunity Fund and the CMBS Fund.

The Opportunity Fund may also obtain a CMBS loan from a lender with whom Eightfold has other business relationships and that loan may be contributed to a CMBS trust owned by a CMBS Fund (or where a CMBS Fund may have committed to purchasing bonds). The terms of the loan could negatively impact the performance of the Opportunity Fund.

- ◆ **Multiple Funds in Investment Periods**

Eightfold's policy if it manages two funds in their investment periods with the same investment objectives (i.e., completing investing one fund while another fund has closed and is beginning its investment period) is (i) for CMBS Funds, to allocate the investment first to the older fund at an amount equal to the lesser of 49% or the remaining uninvested capital with the newer fund allocated the balance (which by definition cannot be less than 51%), provided the older fund has invested or reserved at least 80% of the total capital commitments and (ii) for Opportunity Funds, provided at least 80% of the older fund's capital has been drawn down, allocated, committed for investment or budgeted for follow-on investments, to allocate new investment opportunities to the newer fund provided Eightfold determines the older fund should not invest with the new fund on a side-by-side basis. For Opportunity Funds, investment opportunities do not include the older fund's follow-on investments (i.e., investments related to existing, closed investments) and for both CMBS and Opportunity Funds would not include investments that the older fund committed to prior to the initial close of the newer fund. In certain situations, new fund documentation may contain definitive language governing its ability to accept the offered investment. For example, a new fund may be prohibited from accepting investments during a specific timeframe or investments that have certain characteristics, such as CMBS pre-risk retention investments. For either CMBS Funds or Opportunity Funds, typically if the older fund has not invested at least 80% of the total capital commitments, the older fund will be allocated 100% of any investment until such time that it reaches the 80% threshold.

- ◆ **Conflicts of Interest Relating to Special Servicers.** By virtue of their various contractual obligations, conflicts may occur between the special servicer and a Fund. Special servicers are an important deal source for the Opportunity Funds, and a CMBS Fund may appoint a special servicer with which it has other business relationships, including instances where the special servicer has acted as seller of a loan or real estate owned asset to an Opportunity Fund. As long as the special servicer is meeting its contractual obligations, it could agree to sell a loan or real estate owned asset to an Opportunity Fund which could result in a principal loss to the trust and thus impact a Fund's holdings. An Opportunity Fund may finance one of its investments with CMBS debt; under certain circumstances, such as a default, the loan may be serviced by a special servicer with whom Eightfold has a relationship. Eightfold has adopted policies and procedures specifying how it chooses special servicers and may consider deal flow and other factors when appointing a special servicer.

For other important conflicts disclosure, see **Item 6 - Performance-Based Compensation and Side-by-Side Management** and **Item 10 - Other Financial Industry Activities and Affiliations**.

Item 12 – Brokerage Practices

Eightfold engages in few public securities transactions on behalf of the Funds given the Company's focus on real estate investments and non-public CMBS in particular. However, as part of its duty to clients, Eightfold has an obligation to seek the best execution of transactions when Eightfold is in a position to direct brokerage transactions. To the extent Eightfold transacts in public securities and secondary sales, it intends to select brokers based upon the broker's ability to provide best execution for the Funds (that is, it seeks the best net price considering all relevant circumstances). Eightfold is generally authorized to make the following determinations, subject to the Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of their limited partners: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions. In the event that the Company's strategy results in more active trading in Fund portfolios, Eightfold will consider implementing a more formal execution review process.

Eightfold intends to acquire CMBS from private originators of, or investors in, mortgage loans, including mortgage bankers, commercial banks, finance companies, investment banks and other entities. Wherever possible, Eightfold seeks to engage sellers in negotiated transactions rather than to enter into competitive bid situations. In the Opportunity Funds, Eightfold sources deals both on its own directly with buyers, also preferably not in competitive bidding situations and also via a network of owners and operators around the country with specific expertise in different regions and/or property types.

In the unlikely event of an error in the investment or trading process, Eightfold shall takes steps to ensure that the error is corrected as soon as possible, and with as minimal an impact to the Funds as possible. Absent willful misconduct, fraud, gross negligence, or bad faith, Funds will not be reimbursed should there be a loss as a result of a trade or investing error. The Chief Compliance Officer ("CCO"), in conjunction with the other Partners, shall determine the appropriate course of action with respect to any trade or investing errors.

Eightfold will not enter into formal soft dollar arrangements but may receive products or services from originators and other counterparties, including capital introduction services, that to the best of the Company's knowledge are generally made available to all institutional clients doing business with these counterparties. These products and services are made available to Eightfold on an unsolicited basis and without regard to transaction costs paid by the Funds or the volume of business the Company directs to these counterparties. Eightfold does not consider client referrals when selecting a counterparty.

Item 13 – Review of Accounts

The Funds' investments are subject to regular review on a quarterly basis by investment personnel. The investment decision-making process also generally includes informal, collaborative discussions on an ongoing basis. The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the Fund review process is not directed toward a short-term decision to dispose of securities.

Eightfold provides each limited partner with audited financials of the Fund in which they invest within 120 days following the end of the fiscal year of the applicable Fund, and annual tax information for the completion of income tax returns. Quarterly unaudited financials along with an estimated valuation of the Fund's assets are also provided. In addition, a monthly summary report of investments is provided.

Item 14 – Client Referrals and Other Compensation

Eightfold does not compensate any third party for client or investor referrals.

Eightfold may enter into one or more arrangements pursuant to which Eightfold or its designee will share certain servicing fees received by special servicers or other service providers on investments in which the Funds purchase securities (“Shared Fees”). In such cases, the Shared Fees are generally expected to be paid 50% to Eightfold and 50% to the Fund. Certain limited partners of the Funds may opt to offset their management fees with their pro rata share of the fees earned in these situations.

With approval from a Fund’s Advisory Committee, the General Partner of a Fund may be entitled to receive transaction fees, such as acquisition, disposition, financing, breakup fees or other similar fees in connection with the operation of the Fund. All such fees received by the General Partner from third parties, after reimbursement of any related Partnership Expenses incurred by the General Partner or Eightfold, shall be offset against the management fee payable to Eightfold.

Item 15 – Custody

Eightfold has the ability to direct the actions of the Funds, including the ability to access and direct the flow of the Funds' cash and securities. As a result, Eightfold is deemed to have custody of client assets.

Eightfold does not take or maintain physical custody of the Funds' cash or securities and conducts all business operations in such a way that Fund cash and securities are preserved in the safekeeping of independent qualified custodians. Fund investors will not receive statements from such custodians. Rather, each Fund is subject to an annual audit and audited financial statements shall be distributed to each limited partner of the Funds. The audited financial statements will be prepared in accordance with generally accepted accounting principles and will be distributed within 120 days of each Fund's fiscal year end.

Item 16 – Investment Discretion

As outlined in Fund offering documents and investment management agreements, Eightfold has full discretionary authority over each of the Funds.

Item 17 – Voting Client Securities

The Funds primarily make investments that typically do not issue proxies. In the instance that Eightfold should receive a proxy (or exercise equivalent rights, such as Controlling Class representative consent rights), Eightfold will vote each proxy (or exercise its rights as the Controlling Class representative) in accordance with its fiduciary duty to the Funds. However, Eightfold does not abide by any specific proxy voting instructions conveyed by an limited partner with respect to the Funds' securities.

Eightfold's complete proxy voting policy and procedures and proxy voting record are available to investors upon request. Please contact Randolph Wolpert, the CCO, at rwolpert@eightfoldcapital.com or (305) 503-4054 with any questions or to obtain a copy of these documents.

Eightfold generally does not participate in class actions on behalf of the Funds.

Item 18 – Financial Information

Eightfold has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.