



Part 2A of Form ADV: Firm Brochure

Shrewsbury River Capital LP

March 2024

This brochure provides information about the qualifications and business practices of Shrewsbury River Capital LP (“SRC”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact Robert Nisi, our Chief Compliance Officer (CCO), at (732) 945-4321, or rnisi@shrewsburyrivercapital.com. This information has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply any level of skill or training.

Additional information about Shrewsbury River Capital LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 4. Advisory Business

SRC is an investment adviser registered with the SEC with its principal place of business in Red Bank, New Jersey. SRC commenced operations on June 1, 2017. The general partner of SRC is Shrewsbury River Capital GP LLC ("GP"). Jamie S. Kelner is the managing member of the GP and the principal owner of SRC. Jamie oversees all management and investment activities, including portfolio management, research, and trading. Before launching SRC, Jamie was a portfolio manager at Alden Global Capital, responsible for their CMBS investments; he also launched and managed a stand-alone CMBS fund. Before joining Alden, Jamie worked at Further Lane Securities, where he developed a CMBS trading platform and developed portfolio management strategies for clients. Prior to that, he worked at Prudential Mortgage Capital Company where he was responsible for the pricing, structuring, hedging, and disposition of conduit loans in CMBS, while also managing its proprietary trading desk. Before that, he spent three years at CIGNA where he held a similar role. Jamie started his career at Ryan Labs, Inc., a quantitative fixed-income firm, as an assistant portfolio manager. He received his B.S. from Cornell University in 1996 and MBA from Yale University in 2001.

SRC provides discretionary investment advisory services to private investment funds intended for sophisticated high-net-worth individuals and institutional investors. SRC is the investment adviser to Shrewsbury River Capital CMBS Event-Driven Fund LP (the "Onshore Feeder Fund"), Shrewsbury River Capital CMBS Event-Driven Fund Ltd. (the "Offshore Feeder Fund", and collectively with the Onshore Feeder Fund, the "Feeder Funds"), and Shrewsbury River Capital CMBS Event-Driven Master Fund LP (the "Master Fund" and collectively, with the Feeder Funds, the "Master-Feeder Funds"). Shrewsbury is also the investment adviser to Shrewsbury River Capital MALT Fund LP (the "MALT Fund," and collectively with the Master-Feeder Funds, the "Funds"). SRC employs a catalyst-driven strategy, investing primarily in Commercial Mortgage-Backed Securities ("CMBS"), Commercial Real Estate Collateralized Debt Obligations ("CRE CDOs"), CMBS-based derivatives, loans, and other instruments related to the commercial real estate capital markets.

SRC provides advice to the Funds based on specific investment objectives and strategies. SRC does not tailor advisory services to the individual needs of the investors in the Funds. There are generally no restrictions on the types of securities or financial instruments in which SRC can invest.

On December 31, 2023, Shrewsbury had approximately \$958,086,047 in regulatory assets under management, all of which are managed on a discretionary basis.

Item 5. Fees and Compensation

SRC charges the Master-Feeder Funds an investment management fee of 1.5% per annum based on the value of each Fund's assets under management. Investment management fees are charged each quarter in advance based on the total market value of the assets in each Fund (including net unrealized appreciation or depreciation of investments and cash, cash equivalents, and accrued interest) on the first calendar day of each calendar quarter. SRC, in its sole discretion, may waive or modify the management fee for investors that are current or past members, principals, employees, or affiliates of SRC, relatives of such persons, and for certain large or strategic investors.

SRC or an affiliate will also be paid performance-based compensation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of each Fund. The performance-based fee is 20% per annum for the Master-Feeder Funds and 10% per annum for the MALT Fund; the performance-based fee is charged at the end of each fiscal year, although it may be charged on withdrawal or redemption amounts that are not withdrawn or redeemed at the end of a fiscal year. SRC, or an affiliate, in its sole discretion, may waive or modify the performance-based fee for investors that are current or past members, principals, employees, or affiliates of SRC, relatives of such persons, and for certain large or strategic investors.

The management fees are paid at the Onshore Feeder Fund or the Offshore Feeder Fund level, as applicable. SRC deducts the investment management fee from Fund accounts quarterly in advance by instructing payment from each Fund's custodian.

SRC will refund the unearned portion of any pre-paid management fees if a withdrawal or redemption is made before the end of the applicable period, and such refund will be calculated based on the value of the assets on the first day of the applicable period and pro-rated based upon the portion of the relevant period during which Shrewsbury provided its services.

In addition to paying investment management fees and performance-based compensation, as applicable, the Funds will also pay other investment expenses, such as legal, regulatory compliance (including consulting fees and AIFMD), filings and reporting (including Section 13, Section 16, and Form PF), risk management (including software licensing and consultants' fees), administrator, audit, and accounting expenses (including third party accounting services); organizational expenses; investment expenses such as commissions, research fees, and expenses (including Bloomberg and similar subscriptions and data services and third party consultants and research-related travel); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; independent Review Committee members' and Independent Directors' fees and expenses; and any other expenses related to the purchase, sale, or transmittal of Fund assets. Fund-related insurance costs (including D&O and E&O insurance for SRC, the General Partner, and members of the Board of Directors and Review Committee), and portfolio management systems (including software), are borne 80% by the Fund and 20% by SRC. Master-Feeder Fund assets are invested in a master-feeder structure; Feeder Funds bear a pro-rata share of the expenses associated with the Master Fund. In addition, Fund accounts will incur brokerage and other transaction costs. Please refer to Item 12 of this brochure for a discussion of SRC's brokerage practices.

SRC's allocation of expenses between it and any Fund and among Funds represents a conflict of interest. SRC has adopted an expense allocation policy that is designed to address this conflict. SRC allocates expenses to each Fund following the Fund's arrangements with SRC (including applicable Fund disclosures). To the extent not covered in the Fund's arrangements, SRC will allocate shared expenses for products and services benefiting SRC and the Fund fairly and reasonably. SRC may use various methods to allocate expenses among the Funds depending on the circumstances (e.g., pro rata based on assets under management, relative participation in the transaction related to the expense, the general amount of trading activity, etc.). The determination as to the method or methods used may be based on the relative use of the product or service, the nature or source of the product or service, the relative benefits derived by the Funds from the product or service, or other relevant factors.

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

SRC and its investment personnel provide investment management services to multiple funds. SRC (or an affiliate) is entitled to be paid performance-based compensation by the Funds. Such performance-based compensation may create an incentive for SRC to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. In addition, SRC's investment personnel are typically compensated on a basis that includes a performance-based component. The allocation of a percentage of each Fund's net profits to SRC or an affiliate may create an incentive for SRC or an affiliate to cause the clients to make investments that are riskier or more speculative than would be the case if this allocation were not made.

Item 7. Types of Clients

SRC's clients consist of private investment funds intended for high-net-worth individuals and institutional investors. Any initial or additional subscription minimums are disclosed in the offering memorandum for each Fund.

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

SRC's investment objective for the Master-Feeder Funds is to provide an attractive current coupon while attempting to attain high absolute returns via capital appreciation over market cycles. SRC aims to invest through a catalyst-driven credit approach primarily in Commercial Mortgage-Backed Securities ("CMBS"), as well as Commercial Real Estate Collateralized Debt Obligations ("CRE CDOs"), CMBS-based derivatives, loans, and other instruments related to the commercial real estate capital markets. The MALT Fund will pursue substantially the same investment strategy as the Master-Feeder Funds except that SRC will only allocate investments to the MALT Fund after the Master-Feeder Funds have received their full allocation of the relevant opportunity, as determined by SRC in its sole and absolute discretion.

The following summary identifies the material risks related to SRC's significant investment strategies and should be carefully evaluated before investing with SRC; the following does not intend to identify all risks of an investment with SRC or provide a full description of the identified risks.

Commercial Mortgage-Backed Securities

The Funds will invest in tranches of CMBS transactions, ranging from the most senior tranches to the most subordinated tranches, any of which may be unrated. The collateral underlying CMBS generally consists of mortgage loans secured by income-producing property. The performance of a commercial mortgage loan and the market value of commercial property both depend primarily on the net income generated by the underlying mortgaged property. As a result, income generation will affect both the likelihood of default and the severity of losses for a commercial mortgage loan. Successful management and operation of the related business (including property management decisions, such as pricing, maintenance, and capital improvements) will have a significant impact on the performance of commercial mortgage loans. Issues such as tenant mix, success of the tenant business, property location, and condition, competition, increases in interest rates, real estate taxes and other operational expenses, general or local economic conditions and/or specific industry segments, declines in real estate values, declines in rental or occupancy rates, changes in governmental rules, regulations and fiscal policies, acts of God, social unrest, and insurance coverage are among the factors that may impact both performance and market value. The value of commercial real estate is also subject to limitations on remedies imposed by bankruptcy laws and state laws regarding foreclosures and rights of redemption.

Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity, and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Most commercial mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral except in the case of borrowers acting fraudulently or otherwise illegally. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the CMBS are likely to be adversely affected to some degree depending upon the seniority of the notes within a securitization's capital structure.

The ultimate extent of the loss, if any, to the subordinated classes of CMBS may only be determined after a negotiated discounted settlement, restructuring, or sale of the mortgage note or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements for the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations for the related CMBS. Revenues from the assets underlying such CMBS may be retained by the borrower and the return on investment may be used to make payments to

others, maintain insurance coverage, pay taxes, or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

Asset-Backed Securities

Asset-backed securities are subject to credit risk, interest rate risk, and, to a lesser degree, prepayment risk. Asset-backed securities may also be subject to additional risks in that, unlike some mortgage-backed securities, asset-backed securities do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured, and the debtors are entitled to the protection of several state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Asset-backed securities typically experience credit risk. There is also the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

Collateralized Debt Obligations

The Funds' portfolio will, from time to time, include investments in collateralized debt obligations ("CDOs"), which are generally limited recourse obligations of the issuer payable solely from the underlying assets ("CDO Assets") of the issuer. Consequently, holders of interests in CDOs must rely solely on distributions on the CDO Assets or proceeds thereof for payment in respect thereof. In addition, interest payments on CDOs (other than the most senior tranche or tranches of a given issue) are generally subject to deferral. If distributions on the CDO Assets (or, in the case of market value CDOs, proceeds from the sale of the CDO Assets) are insufficient to make payments on the CDOs, no other assets will be available for payment of the deficiency, and following realization of the underlying assets, the obligations of the issuer of the related CDO to pay such deficiency will be extinguished. Certain classes of debt and equity in CDOs (particularly subordinated classes) may provide that to the extent funds are not available to pay interest, such interest will be deferred or paid "in kind" and added to the outstanding principal balance of the related security. Generally, the failure by the issuer of a CDO to pay interest in cash does not constitute an event of default if a more senior class of securities of such issuer is outstanding and the holders of the securities that have failed to pay interest in cash (including the Funds) will not have available to them any associated default remedies.

The CDO Assets will consist primarily of CMBS which are subject to liquidity, credit, interest rate, and certain other risks. Such investments are normally considered speculative. CDO Assets are typically actively managed by an investment manager, and as a result, the CDO Assets may be traded, subject to rating agency and other constraints, by such investment manager. The aggregate return on the CDOs will depend in part upon the ability of each investment manager to actively manage the related portfolio of CDO Assets.

The CDOs in which the Funds invest may include mandatory auction calls after a certain period. Under the terms of such mandatory auction calls, the collateral of the CDO is put up for bid, and assuming that the highest bid represents an amount that will fully pay off all debt interests, then the bid must be accepted, the debt paid off, and the remainder distributed to the equity holders. In the event of a mandatory auction call, there is no guarantee that the equity holders will receive any payment, or that such payment will represent the amount of money represented by the difference between (i) the face amount of the collateral outstanding and (ii) the face amount of the bonds outstanding.

Structured Investments

The Funds may invest in entities organized and operated to restructure the investment characteristics of other debt securities. These investments will typically consist of equity or subordinated debt securities issued by a private investment fund that invests, on a leveraged basis, in debt instruments, including primarily senior loans and high-yield bonds and mortgage-backed securities and asset-backed securities, directly or through total rate of return swaps or other credit derivatives. The cash

flow on the underlying instruments may be apportioned among the newly issued security to create securities with different investment characteristics such as varying maturities, payment priorities, and interest rate provisions, and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. Because the Funds will not own these assets directly, they will not benefit from rights that holders of the assets have, including indemnification and voting rights.

Exposure to structured finance securities entails various risks: credit risks, liquidity risks, prepayment risks, interest rate risks, market risks, operations risks, structural risks, geographical concentration risks, basis risks, and legal risks. Structured finance securities are also subject to the risk that the servicer fails to perform. Structured finance securities are subject to risks associated with their structure and execution, including the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such structured finance securities, whether the collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including the maturity of the structured finance instrument) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or the investors in such structured finance securities.

Lower Credit Quality Securities

There are no restrictions on the credit quality of the investments of the Funds. Securities in which the Funds may invest may be deemed by rating companies to have a substantial vulnerability to default on payment of interest and/or principal. Other securities may have the lowest quality ratings or may be unrated. Lower-rated and unrated securities in which the Funds may invest have large uncertainties or major risk exposures to adverse conditions and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher-rated securities but involve greater volatility of price and greater risk of loss of income and principal.

The market values of certain of these securities (such as subordinated securities) also tend to be more sensitive to changes in economic conditions than higher-rated securities. Declining real estate values will increase the risk of loss upon default and may lead to a downgrading of the securities by rating agencies. The value of such asset-backed securities and mortgage-backed securities may also be affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. These ratings may be used by SRC as initial criteria for the selection of portfolio securities. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events.

Real Estate Industry and REIT Risks

REIT Risks. The Funds may invest in companies in the real estate industry and, therefore, may be subject to risks associated with the direct ownership of real estate, such as decreases in real estate values, overbuilding, increased competition, and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent, and fluctuations in rental income. Equity REITs generally experience these risks directly through fee or leasehold interests, whereas mortgage REITs generally experience these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate.

REITs in which the Funds invests may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Funds invests may

concentrate investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the Funds' investments to decline. During periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by these mortgage REITs. In addition, mortgage REITs may be affected by the ability of borrowers to repay when due the debt extended by the REIT, and equity REITs may be affected by the ability of tenants to pay rent.

Certain REITs have relatively small market capitalizations, which may tend to increase the volatility of the market price of securities issued by these REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification, and are, therefore, subject to risks inherent in operating and financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to investors.

Cyclical Risk in Real Estate Markets. Real estate historically has experienced significant fluctuations and cycles in performance that may adversely impact the value of the Funds' CMBS and related investments. The performance of its investments once acquired may depend upon many factors beyond the Funds' control. The ultimate performance and value of Partnership investments is subject on an indirect basis to the varying degrees of risk generally incident to the ownership and operation of the properties which collateralize or support its investments. The ultimate performance and value of the Funds' loans and other investments will depend upon, in large part, the property owner's ability to operate the property so that it produces sufficient cash flows necessary to pay the interest and principal due to the Funds on its loans and other investments. Revenues and cash flows may be adversely affected by several factors, including:

- changes in national economic conditions;
- changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics;
- competition from other properties offering the same or similar services;
- changes in interest rates and the state of the debt and equity capital markets;
- the ongoing need for capital improvements, particularly in older building structures;
- changes in real estate tax rates and other operating expenses;
- adverse changes in governmental rules and fiscal policies, civil unrest, acts of God, including earthquakes, hurricanes, and other natural disasters, and acts of war or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses;
- adverse changes in zoning laws;
- the impact of present or future environmental legislation and compliance with environmental laws;
- the impact of environmental claims arising in respect of properties with undisclosed or unknown environmental problems or as to which inadequate reserves had been established;

- the impact of lawsuits which could cause property owners to incur significant legal expenses and divert management's time and attention from the day-to-day operations of the Funds; and
- other factors that are beyond the Funds' control and the control of the property owners.

If any properties underlying the Funds' investments experience any of the foregoing events or occurrences, the value of, and return on, those investments would be negatively impacted.

Risk of Decline in Value of Real Estate Collateral. The value of the real estate that underlies mortgage loans that make up the Funds' CMBS investments is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. Furthermore, many of the properties which will secure loans that make up the Funds' CMBS investments in which the Funds has an interest may be suffering varying degrees of financial distress or may be in economically distressed areas. Loans in which the Funds has an indirect interest may become non-performing for a wide variety of reasons, including, without limitation, because the mortgaged property is too highly leveraged (and, therefore, the property is unable to generate sufficient income to meet its debt service payments), the property is poorly managed, or because the mortgaged property has a high vacancy rate, has not been fully completed, or needs rehabilitation. These non-performing 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, capitalization of interest payments, and a substantial write-down of the principal of the loan, which could all negatively affect the Funds' relevant CMBS investment.

Investment in Real Estate and Real Estate Related Securities. Investments in real estate related securities, indices, or derivatives upon these instruments are subject to the risks incident to the ownership and operation of real estate generally. Some of the risks associated with investments in real estate and/or related derivatives are declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants, and changes in interest rates.

Prepayment Risk

Prepayment risks on the underlying mortgage loans will affect the average life of the offered certificates, and the rate and timing of those prepayments may be highly unpredictable. Payments of principal and/or interest on the offered certificates will depend upon, among other things, the rate and timing of payments on the underlying mortgage loans. Prepayments on the underlying mortgage loans in a loan group may result in a faster rate of principal payments on the related class of certificates, thereby resulting in a shorter average life for the offered certificates than if those prepayments had not occurred. The rate and timing of principal prepayments on pools of mortgage loans are influenced by a variety of economic, demographic, geographic, social, tax, and legal factors. Prepayments may also occur because of a casualty or condemnation event. In addition, prepayments may occur in connection with a permitted partial release of a mortgaged real property. In addition, any repurchase of an underlying mortgage loan by the mortgage loan seller due to a defect or breach of a representation or warranty will have the same effect as a prepayment of such underlying mortgage loan. Accordingly, SRC cannot predict the rate and timing of principal prepayments on the underlying mortgage loans. As a result, repayment of the offered certificates could occur significantly earlier or later, and the average life of the offered certificates could be significantly shorter or longer than expected.

Nonrecourse Financing Risk

Most of the underlying mortgage loans are nonrecourse to the borrower and Investors should assume that each of the underlying mortgage loans is a nonrecourse obligation of the related borrower. This means that, in the event of a default, recourse will generally be limited to the related mortgaged real property or properties securing the defaulted loan and other assets that have been pledged to secure that underlying mortgage loan. Consequently, full and timely payment on each underlying mortgage loan will depend on one or more of the following:

- the sufficiency of the net operating income of the applicable mortgaged real property to pay debt service;
- the market value of the applicable mortgaged real property at or before maturity; and
- the ability of the related borrower to refinance or sell the applicable mortgaged real property at maturity.

In general, the value of any multifamily property will depend on its ability to generate net operating income. The ability of an owner to finance a multifamily property will depend, in large part, on the property's value and ability to generate net operating income.

None of the underlying mortgage loans will be insured or guaranteed by any governmental entity or private mortgage insurer.

The underlying mortgage loans may contain, subject to certain exceptions, "due-on-sale" and "due-on-encumbrance" clauses. These clauses permit the holder of an underlying mortgage loan to accelerate the maturity of the underlying mortgage loan if the related borrower sells or otherwise transfers or encumbers the related mortgaged real property or its interest in the mortgaged real property in violation of the terms of the mortgage. The underlying mortgage loans may also include a debt-acceleration clause that permits the related lender to accelerate the debt upon specified monetary or non-monetary defaults of the borrower.

The courts of all states will enforce clauses providing for acceleration in the event of a material payment default. The equity courts of a state, however, may refuse the foreclosure or other sale of a mortgaged real property or refuse to permit the acceleration of the indebtedness because of a default deemed to be immaterial or if the exercise of these remedies would be inequitable or unjust.

The related borrower generally may collect rent for so long as there is no default. As a result, the issuing entity's rights to these rents will be limited because:

- the issuing entity may not have a perfected security interest in the rent payments until the master servicer, the special servicer, or the applicable sub-servicer collects them;
- the master servicer, the special servicer, or the applicable sub-servicer may not be entitled to collect the rent payments without court action; and
- the bankruptcy of the related borrower could limit the ability of the master servicer, the special servicer, or the applicable sub-servicer to collect the rents.

Balloon Payment Risk

Some of the underlying mortgage loans that provide for amortization may have amortization schedules that are significantly longer than their respective terms, and some of the underlying mortgage loans require only payments of interest for part or all of their respective terms. A longer amortization schedule or an interest-only provision in an underlying mortgage loan will result in a higher amount of principal outstanding on the underlying mortgage loan at any time, including at the maturity date of the underlying mortgage loan, than would have otherwise been the case had a shorter amortization schedule been used or had the underlying mortgage loan had a shorter interest-only period or not included an

interest-only period at all. That higher principal amount outstanding could both (i) make it more difficult for the related borrower to make the required balloon payment at maturity and (ii) lead to increased losses for the issuing entity either during the loan term or at maturity if the underlying mortgage loan becomes a defaulted loan. The borrower under a mortgage loan of these types is required to make a substantial payment of principal and interest, which is commonly called a balloon payment, on the maturity date of the loan. The ability of the borrower to make a balloon payment depends upon the borrower's ability to refinance or sell the mortgaged real property securing the loan. The ability of the borrower to refinance or sell the mortgaged real property will be affected by several factors, including—

- the fair market value and condition of the mortgaged real property;
- the level of interest rates;
- the borrower's equity in the mortgaged real property;
- the borrower's financial condition;
- the operating history of the mortgaged real property;
- changes in zoning and tax laws;
- changes in competition in the relevant area;
- changes in rental rates in the relevant area;
- changes in governmental regulation and fiscal policy;
- prevailing general and regional economic conditions;
- the state of the fixed-income and mortgage markets;
- the availability of credit for mortgage loans secured by multifamily rental properties; and
- the requirements (including loan-to-value ratios and debt service coverage ratios) of lenders for mortgage loans secured by multifamily rental properties.

Compliance with legal requirements, such as the credit risk retention regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), could cause commercial real estate lenders to tighten their lending standards and reduce the availability of debt financing for commercial real estate borrowers. This, in turn, may adversely affect the ability to refinance the related underlying mortgage loans or sell the related mortgaged real properties on the maturity date. SRC cannot assure investors that each borrower under a balloon loan will have the ability to repay the outstanding principal balance of such underlying mortgage loan on the related maturity date.

Changes in Mortgage Pool Composition

The underlying mortgage loans will amortize at different rates and mature on different dates. In addition, some of those mortgage loans may be prepaid or liquidated. As a result, the relative composition of the mortgage pool will change over time and may become very non-diversified. In addition, as payments and other collections of principal are received with respect to the underlying mortgage loans, the remaining mortgage pool backing the certificates may exhibit an increased concentration with respect to the number and affiliation of borrowers and geographic location.

Subordinated Securities

The Funds may invest in subordinated or residual ("first loss securities" or "equity tranches") securities of certain CMBS, CDOs, and CLOs. These instruments, while offering significant return potential, involve greater credit risk of default than the senior classes of the issue or series. Certain subordinated securities ("first loss securities") absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments and can add greater volatility to the Funds' returns than if the Funds did not invest in such instruments.

CMOs and Mortgage Derivatives

CMOs reallocate the various risks inherent in mortgages across various tranches. The Funds' use of CMOs and other mortgage derivatives may magnify the prepayment risks and interest rate risks associated with CMBS.

Corporate and Other Debt Obligations

The Funds may invest its assets in debt obligations, which include interests in loans to entities or their affiliates undertaken to finance a capital restructuring or in connection with recapitalizations, acquisitions, leveraged buyouts, refinancings, or other financially leveraged transactions and may include loans that are designed to provide temporary or bridge financing to a borrower pending the sale of identified assets, the arrangement of longer-term loans, or the issuance and sale of debt obligations. The Funds may also invest in collateral on financial instruments, including interests on whole commercial, consumer, and other loans and lease contracts. These loans may bear fixed or floating rates. Syndicated loans have generally been arranged through private negotiations between a corporate borrower and one or more financial institutions ("Lenders"), including banks. The Funds' investment may be in the form of participations in loans ("Participations") or of assignments of all or a portion of loans from third parties ("Assignments"). Borrowers may include corporations, partnerships, trusts, and sovereigns (including Indian Tribes) and their affiliates.

In certain cases, the rights and obligations acquired by the Funds through the purchase of an assignment may differ from, and be more limited than, those held by the assigning selling institution. Assignments are sold strictly without recourse to the selling institutions, and the selling institutions will generally make no representations or warranties to the Funds about the underlying loan, the borrowers, the documentation of the loans, or any collateral securing the loans.

With respect to Participations, the Funds has the right to receive payments of principal, interest, and any fees to which it is entitled only from the Lender selling the Participation and only upon receipt by the Lender of the payments from the borrower. The Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan in which it has purchased a Participation, nor any rights of set-off against the borrower, and the Funds may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. Thus, the Funds assume the credit risk of both the borrower and the Lender that is selling the Participation. In addition, in connection with purchasing Participations, the Funds generally will have no role in terms of negotiating or effecting amendments, waivers, and consents with respect to the loans underlying the Participations. In the event of the insolvency of the Lender, the Funds may be treated as a general creditor of the Lender and may not benefit from any set-off between the Lender and the borrower.

Investments in Participations and Assignments involve additional risks, including the risk of nonpayment of principal and interest by the borrower, the risk that any loan collateral may become impaired, and that the Funds may obtain less than the full value for the loan interests sold because they may be illiquid. Purchasers of loans depend primarily upon the creditworthiness of the borrower for payment of interest and repayment of principal. If scheduled interest or principal payments are not made, the value of the instrument may be adversely affected. Participations may also have the risk that the counterparty to the participation defaults or becomes insolvent.

Investments in loans through a direct assignment of a financial institution's interests with respect to a loan may involve additional risks. For example, if a loan is foreclosed, the Funds could become part owner of any collateral, in which case it would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, the Funds could be held liable as a co-lender.

A syndicated loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness, the Funds has direct recourse against the borrower, the Funds may have to rely on the agent to apply appropriate credit remedies against a borrower. If assets held by the agent for the benefit of the Funds were determined to be subject to the claims of the agent's general creditors, the Funds might incur certain costs and delays in realizing payment on the loan or loan participation and could suffer a loss of principal or interest.

Interests in loans are also subject to additional liquidity risks. Loans are generally subject to legal or contractual restrictions on resale. Loans are not currently listed on any securities exchange or automatic quotation system but are traded by banks and other institutional investors engaged in loan syndication. As a result, no active market may exist for some loans, and to the extent a secondary market exists for other loans, such market may be subject to irregular trading activity, wide bid/ask spreads, and extended trade settlement periods. Consequently, the Funds may have difficulty disposing of Assignments or Participations in response to a specific economic event such as deterioration in the creditworthiness of the borrower, which can result in a loss. In such market situations, it may be more difficult for the Funds to assign a value to Assignments or Participations when valuing the Funds' securities and calculating its net asset value.

The loans acquired by the Funds may be unsecured or undersecured. In addition, in the event of the insolvency of the selling institution, under U.S. laws, the Funds may be treated as a general creditor of such selling institution and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, a secured loan. Consequently, the Funds may be subject to the credit risk of the selling institution as well as of the borrower. Certain of the secured loans or loan participations may be governed by the law of a jurisdiction other than the United States which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

Loans

The Funds may invest in loans, including corporate secured and unsecured loans acquired through purchase agreements with originators, assignments, or Participations. In purchasing Participations, the Funds will usually have a contractual relationship only with the selling institution, and not the borrower. The Funds generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to the loan agreement agreed to by the selling institution. The Funds may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

The loans acquired by the Funds may be unsecured or undersecured. In addition, in the event of the insolvency of the selling institution, under U.S. laws, the Funds may be treated as a general creditor of such selling institution and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, a secured loan. Consequently, the Funds may be subject to the credit risk of the selling institution as well as of the borrower. Certain of the secured loans or loan participations may be governed by the law of a jurisdiction other than the United States which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

Credit Derivatives

Credit derivatives are contracts that transfer price, spread, and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross-default, acceleration, etc. Such payments may be for notional amounts, actual losses, or amounts determined by a formula.

The market for credit derivatives is somewhat illiquid and there are considerable risks that it may be difficult to either buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread, and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to their inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a

trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk.

Credit Default Swap Agreements

The buyer of a credit default contract is obligated to pay the seller either a lump sum payment or a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or rating decline. The Funds may be either the buyer or seller in a transaction. If the Funds is a buyer and no credit event occurs, the Funds will have made fixed payments and received nothing. However, if a credit event occurs, the Funds, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value although the Funds also assumes the risk of non-performance by the seller of the credit default swap. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller and is at risk if the deliverable security is unavailable or illiquid. As a seller, the Funds receives a fixed rate of income throughout the term of the contract, provided that no credit event occurs. If a credit event occurs, the Funds will be obligated to pay the buyer the full notional value of the reference obligation, which may have little or no value and result in a loss for the Funds.

In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk by counterparties. Many swap contracts are not currently traded on exchanges and are not comprehensively regulated, and consequently, investors in such contracts do not benefit from regulatory protections. The selling of credit default swaps involves greater risks than if the Funds had invested in the reference obligation directly.

Interest Rate Risk

The Funds are subject to interest rate risk. Generally, the value of fixed-income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Funds may attempt to minimize the exposure of the portfolios to interest rate changes using interest rate swaps, interest rate futures, and/or interest rate options. However, there can be no guarantee that such hedges will be implemented and, if implemented, will be successful in mitigating the impact of interest rate changes on the portfolios.

Distressed Investments

The Funds may invest in debt and equity securities, accounts, and notes payable, loans, private claims, and other financial instruments and obligations of troubled companies that may result in significant returns to the Funds, but which involve a substantial degree of risk. The Funds may lose its entire investment in a troubled company, may be required to accept cash or securities with a value less than the Funds' investment, and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the Bankruptcy Court's discretionary power to disallow, subordinate, or disenfranchise claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

The Funds may have investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies, and similar transactions. In any investment opportunity involving any such type of business

enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time, or result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Funds of the security, or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not occur, the Funds may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of its entire investment in such companies.

High Yield Securities

The Funds may invest in "high yield" bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to a greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds' portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation to either purchase or sell the underlying security, commodity, or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected so that the investor loses its premium. Additionally, the premium paid for an option is based, in part, on the time to expiration, and over time, the premium associated with an option declines, assuming all other factors are equal. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Derivatives

To the extent that the Funds invests in swaps, derivatives, or synthetic instruments, or enters repurchase agreements or other over-the-counter transactions, the Funds may take a credit risk regarding parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, more frequent mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be identified as being assets (directly or indirectly) of the Funds, and hence the Funds should not be exposed to a credit risk regarding such parties. However, it may not always be possible to achieve

this segregation, and there may be practical, or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Nature of Investments

SRC has broad discretion in making investments for the Funds. Investments will generally consist of CMBS, as well as CRE CDOs, CMBS-based derivatives, loans, other instruments related to the commercial real estate capital markets, and direct investments in commercial real estate. There can be no assurance that SRC will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, especially investments in small and mid-capitalization issuers (which may rely on limited product lines, financial resources, and business activities susceptible to setbacks or downturns) and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of its investments. In addition, the value of the Funds' portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objective will be achieved.

Master-Feeder Fund Structure

The Funds invest through a "master-feeder" structure. The Funds contributes substantially all its assets to the Master Fund. The master-feeder fund structure, in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors. Smaller investment vehicles investing in a Master Fund may be materially affected by the actions of larger investment vehicles investing in the Master Fund. For example, if a larger investment vehicle withdraws from a Master Fund, the remaining funds may experience higher pro rata operating expenses, thereby producing lower returns. Similarly, a Master Fund may become less diverse due to a redemption by a larger investment vehicle, resulting in increased portfolio risk.

Use of Leverage

As noted in Section 4 above and subject to the "Leverage Limit", the Funds will utilize leverage. This results in the Funds controlling substantially more assets than the Funds have equity. Leverage increases the Funds' returns if the Funds earn a greater return on investments purchased with borrowed funds than the Funds' cost of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions, and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Funds' cost of borrowing such funds. In the event of a sudden, precipitous drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, SRC may find it difficult or impossible to obtain leverage for the Funds. In such an event, the Funds could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in SRC being forced to unwind the Funds' positions quickly and at prices below what SRC deems to be fair value for such positions.

Hedging Transactions

The Funds may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, and forward contracts for both risk management and general investment and speculation purposes. With respect to the Funds' risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Funds may enter hedging transactions to seek to reduce risk, such transactions may result in poorer

overall performance and increased (rather than reduced) risk for the Funds than if it did not engage in any such hedging transactions. In addition, the Funds may choose not to enter hedging transactions with respect to some or all of its positions.

Portfolio Turnover

Although currently not anticipated by SRC, the investment strategy of the Funds may require SRC to actively trade the Funds' portfolio, and as a result, turnover and brokerage commission expenses of the Funds may significantly exceed those of other investment entities of comparable size.

Counterparty Risk

To the extent that the Funds invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Funds takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Brokerage and Custodial Risk

There are risks involved in dealing with the custodians or prime brokers who settle Partnership trades. The Funds maintains a custody account with its prime broker and primary custodian, Barclays Capital Inc. (the "Prime Broker"). Although the GP monitors the Prime Broker and believes that it is an appropriate custodian, there is no guarantee that the Prime Broker, or any other custodian that the Funds may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Partnership assets, the Funds would not incur losses due to its assets being unavailable for some time, the ultimate receipt of less than full recovery of its assets, or both.

The Funds and/or the Prime Broker may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Funds. The Prime Broker may not be responsible for cash or assets that are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Funds because of the bankruptcy or insolvency of any such sub-custodian. The Funds may therefore have potential exposure to the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Funds. Under certain circumstances, including certain transactions where the Funds' assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Broker, or where the Funds' assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be identified as being assets of the Funds and the Funds could be exposed to credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk in dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Funds to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Funds may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or timing problems associated with enforcing the Funds' rights to its assets in the case of a bankruptcy or insolvency of any such party.

Lack of Liquidity of Partnership Investments/Restricted or Non-Marketable Securities

While SRC expects the majority of the Funds' portfolio to be liquid, Partnership assets may, at any given time, include securities, direct investments in commercial real estate, and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Limited Withdrawal and Transfer Rights

An Investor generally will be permitted to withdraw all or any part of its capital account only in accordance with the terms described herein. Transfers of the fund interests will be permitted only with the written consent of the GP. Accordingly, the fund interests should only be acquired by investors willing and able to commit their funds for an appreciable period.

Side Letters

The Funds have in the past and may again in the future enter into agreements ("Side Letters") with certain prospective or existing Investors whereby such Investors may be subject to terms and conditions that are more advantageous than those outlined in this Memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Funds, other investment vehicles, or managed accounts; special withdrawal rights, relating to frequency or notice; a reduction or rebate in management fees or incentive allocations to be paid by the Investor and/or other terms; rights to receive reports from the Funds on a more frequent basis or that include information not provided to other Investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Funds and such Investors. The modifications are solely at the discretion of the Funds and may, among other things, be based on the size of the Investor's investment in the Funds or affiliated investment entity, an agreement by an Investor to maintain such investment in the Funds for a significant period or other similar commitment by an Investor to the Funds or may be granted to founding or strategic Investors. The Funds will not be required to notify any or all the other Investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Funds be required to offer such additional and/or different rights and/or terms to any or all the other Investors. The other Investors have no recourse against the Funds, the GP, SRC, or any of their affiliates if certain Investors receive additional and/or different rights and/or terms because of such Side Letters.

Incentive Allocation

The allocation of a percentage of the Funds' net profits to the GP may create an incentive for SRC, an affiliate of the GP, to cause the Funds to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains. In addition, as discussed above, the Incentive Allocation will be computed and allocated separately with respect to each capital contribution by an Investor. This manner of computation may result in an Investor being charged an Incentive Allocation with respect to profits from a particular capital contribution even though the Investor's entire aggregate capital account for all capital contributions is in a net loss position for a year.

In addition, if an Investor makes a complete or partial withdrawal from its capital account, or is required to retire at any time other than at the end of a fiscal year, the Incentive Allocation may be computed and charged to such Partner as though the date of such Investor's withdrawal of capital or retirement was the last day of a fiscal year. This may result in the Investor being charged an Incentive Allocation during the year even though the Investor does not have net profits based on the entire year's performance (*i.e.*, due to losses that occur after the withdrawal).

Tax Risks

It is expected that expenses of the Funds (including the Management Fee) will not be deductible by certain Partners for Federal income tax purposes. See Section 15, "Taxation."

Unrelated Business Taxable Income for Certain Tax-Exempt Investors

Pension and profit-sharing plans, Keogh plans, individual retirement accounts, and other tax-exempt investors may realize "unrelated business taxable income" because of an investment in the Funds since the Funds may employ leverage. See Section 15, "Taxation." Any tax-exempt investor should consult its tax adviser with respect to the effect of an investment in the Funds on its tax situation.

Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("ASC 740") (formerly known as "FIN 48"), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. A prospective Investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the value of the net assets of the Funds, including reducing the value of the net assets of the Funds to reflect reserves for income taxes that may be payable in respect of prior periods by the Funds. This could adversely affect certain Investors, depending upon the timing of their purchase and withdrawal of their Interests.

Cyber Security Breaches and Identity Theft

SRC's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Although SRC has implemented various measures to manage risks relating to these types of events if these systems are compromised, become inoperable for extended periods, or cease to function properly, SRC, the Funds, and/or the Master Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in SRC's, the Funds', and/or the Master Fund's operations and fail to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm SRC's, the Funds', and/or the Master Fund's reputation, subject any such entity and their respective affiliates to legal claims, and otherwise affect their business and financial performance.

Reliance on Mr. Kelner

The Funds rely heavily on the services of the managing member of the general partner of SRC, Jamie S. Kelner. Mr. Kelner is solely responsible for the investment decisions made with respect to the Funds. Should Mr. Kelner determine to discontinue managing the affairs of, or withdraw from, SRC or should Mr. Kelner die, be incapacitated, or, for some other reason, be unable to effectively manage the affairs of SRC, the business and results of the operations of the Funds may be adversely affected and an Investor's withdrawal terms may be altered (as described in Section 12 - "Withdrawals; Retirement; Distributions – Special Withdrawal Rights").

No Separate Counsel; No Responsibility or Independent Verification

Seward & Kissel LLP represents the GP, SRC, the Funds, and the Master Fund (collectively, the "Parties") as U.S. counsel. Walkers acts as Cayman Islands counsel to the Master Fund. Neither Seward & Kissel LLP nor Walkers represents investors in the Funds and no independent counsel

has been retained to act on behalf of the Investors. Neither Seward & Kissel LLP nor Walkers is responsible for any acts or omissions of the Parties (including their compliance with any guidelines, policies, restrictions, or applicable laws, or the selection, suitability, or advisability of their investment activities) or any administrator, accountant, custodian/prime brokers, or other service providers to the Parties. Seward & Kissel LLP's and Walkers' representation of the Parties is limited to specific matters as to which they have been consulted by the applicable Party. There may exist other matters that could have a bearing on a Party as to which Seward & Kissel LLP and Walkers have not been consulted. In connection with the preparation of this Memorandum, Walkers' responsibility is limited to matters of Cayman Islands law and Walkers does not accept responsibility for any other matters referred to or disclosed in this Memorandum. This Memorandum was prepared based on information furnished by the GP and SRC; neither Seward & Kissel LLP nor Walkers have independently verified such information.

Absence of Regulatory Oversight

While the Funds may be considered similar to an investment company, it does not intend to register as such under the Investment Company Act of 1940, as amended (the "Investment Company Act") in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have Independent directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) will not be afforded to the Funds or the Investors.

Business and Regulatory Risks of Hedge Funds

The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Funds and the ability of the Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Funds could be substantial and adverse.

Effects of Health Crises and Other Catastrophic Events

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war, or civil disturbance, acts of terrorism, power outages, and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on the Funds' investments and SRC's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies, and component parts, and reduced or disrupted operations. In addition, under such circumstances, the operations, including functions such as trading and valuation, of the Funds and other service providers could be reduced, delayed, suspended, or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Non-Disclosure of Positions

To protect the confidentiality of its positions, the Funds generally will not disclose its positions to Investors on an ongoing basis except as detailed in the monthly Partnership update letter, although the GP, in its sole discretion, may permit such disclosure on a select basis to certain Investors.

Forward-Looking Statements.

This Memorandum contains forward-looking statements. These forward-looking statements reflect the Funds' and SRC's view with respect to future events. Actual results could differ materially from those in the forward-looking statements as a result of factors beyond the Funds' control. Investors are cautioned not to place undue reliance on such statements.

Potential Conflicts of Interest

Each of the GP and SRC will use its best efforts in connection with the purposes and objectives of the Funds and will devote so much of its time and effort to the affairs of the Funds as may, in its judgment, be necessary to accomplish the purposes of the Funds. Under the terms of the Funds Agreement, the GP, SRC, and each of their respective directors, members, partners, shareholders, officers, employees, agents, and affiliates (hereinafter referred to as the "Affiliated Parties") may conduct any other business, including any business within or outside the securities industry, whether such business competes with the Funds. SRC and the GP also serve as investment manager and general partner, respectively, to the Master Fund. SRC also serves as investment manager to the Intermediate Fund and the Offshore Fund. It should also be noted that the members of the Review Committee sit on several boards of directors and oversee several different corporate entities, and as a result, they may face conflicts for their time and attention. Without limiting the generality of the foregoing, the Affiliated Parties may act as general partner, investment adviser, or investment manager for others, may manage funds, separate accounts, or capital for others, may have, make, and maintain investments in their name or through other entities and may serve as an officer, director, consultant, partner, or stockholder of one or more investment funds, partnerships, securities firms, or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the Funds. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which the Funds invests as well as interests in investments in which the Funds does not invest. The Affiliated Parties may give advice or act with respect to such other entities or accounts that differs from the advice given with respect to the Funds. To the extent a particular investment is suitable for both the Funds and other clients of the Affiliated Parties, such investments will be allocated between the Funds and the other clients pro rata based on assets under management or in some other manner that the Affiliated Parties determine is fair and equitable under the circumstances to all clients, including the Funds.

The Funds bear their own expenses as described in Section 8 of this Memorandum. Each other client bears its expenses as outlined in its respective investment management or other agreement with SRC or its affiliates. Expenses borne by the other clients may differ from the expenses borne by the Funds. In certain instances, the Funds may bear expenses that SRC has agreed to bear for one or more other clients. In other instances, the other clients may bear expenses that SRC has agreed to bear for the Funds.

Common expenses may, in the future, be incurred on behalf of the Funds and one or more other clients. SRC would seek to allocate those common expenses among the Funds and the other clients in a manner that would be fair and reasonable over time. However, expense allocation decisions would involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive fees, or conflicts relating to different expense arrangements with certain clients). SRC may use various methods to allocate expenses among the Funds and the other clients depending on the circumstances (e.g., pro rata based on assets under management, relative participation in the transaction related to the expense, the general amount of trading activity, etc.). The determination as to the method or methods used may be based on the relative use of the product or service, the nature or source of the product or service, the relative benefits derived by the Funds and the other clients from the product or service, or other relevant factors. Nonetheless, investors should note that the portion of a common expense that SRC allocates to the Funds for a particular product or service may not reflect the relative benefit derived by the Funds from that product or service in any instance. SRC's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by SRC in good faith will be final and binding on the Funds.

In addition, purchase and sale transactions (including swaps) may be effected between the Funds and the other entities or accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no extraordinary brokerage commissions or fees (*i.e.*, except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

From the standpoint of the Funds, simultaneous identical portfolio transactions for the Funds and the other clients may tend to decrease the prices received and increase the prices required to be paid by the Funds for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Funds and the other clients equitably as determined by the Affiliated Parties. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Funds for the same investment positions to be taken or liquidated at the same time or the same price; however, all transactions will be made on a “best execution” basis.

Each of the Affiliated Parties may offer co-investment opportunities alongside the Funds to third parties, certain Investors, and other client accounts. Co-investment opportunities may be made available through limited partnerships, limited liability companies, or other entities formed to make such investments. The Affiliated Parties may earn different asset-based fees and/or performance-based compensation (which may or may not be different from the fees and/or compensation charged by the Funds) in respect of such co-investments than what is earned with respect to the Funds.

It should be noted that the Prime Broker, the Administrator, and the members of the Review Committee/Board of Directors each act as prime broker, administrator, and directors, respectively, for other funds and thus may have conflicts from time to time.

As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the Funds and other entities, in allocating investments and expenses among the Funds and other entities, and in effecting transactions for the Funds and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

Item 9. Disciplinary Information

There is no disciplinary information to report.

Item 10. Other Financial Industry Activities and Affiliations

Each of the Funds for which SRC or an affiliate serves as the general partner or investment adviser has and may in the future enter into additional agreements, or “side letters,” with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders including such persons that may be affiliated with SRC or an affiliate may be subject to terms and conditions that are more advantageous than those outlined in the offering memorandum for the respective Fund. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles, or managed accounts; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by SRC and such limited partners or shareholders. The modifications are solely at the discretion of SRC and may, among other things, be based on the size of the limited partner’s or shareholder’s investment in the Fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the Fund for a significant period, or other similar commitment by a limited partner or shareholder to the Fund.

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

SRC has adopted a Code of Ethics (the “Code”) that obligates SRC and its personnel to put the interests of its clients before their own and to act honestly and fairly in all respects in their dealings with clients. In addition to compliance with SRC’s policies and procedures, all SRC personnel are required to comply with applicable federal securities laws. Investors or prospective investors in the Funds may obtain a copy of the Code by contacting Robert Nisi (Chief Compliance Officer) by email at rnisi@shrewsburyrivercapital.com, or by telephone at (732) 945-4321.

SRC and its employees (and their family members) may give or receive gifts, services, or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of SRC. SRC has adopted policies and procedures governing gifts and business entertainment, which include disclosure to the Chief Compliance Officer of gifts and business entertainment above certain thresholds.

SRC, during its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which it or its related persons have invested or seek to invest on behalf of the Funds. SRC is prohibited from improperly disclosing or using such information for its benefit or the benefit of any other person, regardless of whether such other person is a client. SRC maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that it is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, SRC may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell, or hold a security, but it will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, SRC will have no responsibility or liability to a client for not disclosing such information to a client (or the fact that SRC possesses such information), or not using such information for a client’s benefit, because of following its policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Item 12. Brokerage Practices

SRC considers several factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, reputation, financial strength and stability, the commission or markup/down, research (including economic forecasts, fundamental and technical advice on securities, or market analysis); confidentiality, and custodial and other services provided for the enhancement of SRC's portfolio management capabilities. In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, SRC need not solicit competitive bids and does not have an obligation to seek the lowest available mark-up/down or commission cost. It is not SRC's practice to negotiate "execution only" rates, thus a Fund may be deemed to be paying for research, brokerage, or other services provided by a broker-dealer, which are included in the mark-up/down or commission rate.

SRC receives research and other products or services other than execution from a broker-dealer in connection with Fund securities transactions. This is known as a "soft dollar" relationship. SRC will limit the use of "soft dollars" to obtain research and brokerage services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; and advice from broker-dealers on order execution. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing, and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post-trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When SRC uses client commissions (or markups or markdowns) to obtain Section 28(e)-eligible research and brokerage products and services, SRC's Chief Compliance Officer reviews and evaluates its soft dollar practices and determines in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or SRC's overall responsibilities to the accounts or portfolios over which SRC exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, SRC will not have to pay for the products and services themselves. This creates an incentive for SRC to select or recommend a broker-dealer based on its interest in receiving those products and services.

SRC may cause the Funds to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for the Funds.

Research and brokerage services obtained using commissions (or markups or markdowns) arising from a Fund's portfolio transactions may be used by SRC in its other investment activities, including, for the benefit of other funds. SRC does not seek to allocate soft dollar benefits to Funds proportionately.

When appropriate, Shrewsbury may, but is not required to, aggregate client orders to achieve more efficient execution or to provide equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

Item 13. Review of Accounts

The CIO of SRC reviews each client account on an ongoing basis to determine whether the positions should be maintained considering current market conditions.

Investors in the Funds receive periodic reports under the terms of the applicable offering memoranda of the Funds. These reports are typically delivered electronically.

Item 14. Client Referrals, Endorsements, and Other Compensation

SRC receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for SRC to select or recommend broker-dealers based on SRC’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer based on considerations that are not limited to the lowest commission rates (or markups and markdowns) and may result in higher transaction costs than would otherwise be obtainable by SRC on behalf of its clients. Please see Item 12 of this brochure for further information on SRC’s “soft-dollar” practices, including SRC’s procedures for addressing conflicts of interest that arise from such practices.

SRC compensates third-party solicitors or other promoters for referral of clients or private investors. SRC’s arrangements with third-party solicitors or other promoters may vary. Any compensation paid under these arrangements creates an incentive for the third-party solicitor or other promoters to recommend SRC, resulting in a material conflict of interest.

Item 15. Custody

SRC and its affiliates are deemed to have custody of the assets of the Funds and, where applicable, intend to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

Item 16. Investment Discretion

SRC provides investment advisory services on a discretionary basis to the Funds. Please see Item 4 of this brochure for a description of any limitations the Funds may place on SRC's discretionary authority.

SRC has entered into an investment management agreement with the Funds that sets forth the scope of SRC's discretion.

Unless otherwise instructed or directed by a discretionary client, SRC has the authority to determine (i) the instruments to be purchased and sold for the client account (subject to restrictions on its activities outlined in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of instruments to be purchased or sold for the client account. SRC may consider the following factors, among others, in allocating investments among clients: (i) a client's investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity, and timing of cash flows.

Jamie S. Kelner is the Chief Investment Officer of SRC as well as the Managing Member of the general partner of SRC and his investment decisions are subject to the supervision of the Master Fund's Review Committee. The activities of all supervised persons of SRC, including Mr. Kelner, are subject to SRC's compliance policies and procedures, which are administered by Robert Nisi, the Chief Compliance Officer of SRC, whose telephone number is (732) 945-4321.

If it appears that a trade error has occurred, SRC will review the relevant facts and circumstances to determine an appropriate course of action. SRC endeavors to detect trade errors before settlement and correct them quickly. To the extent that trade errors occur, SRC's error correction procedure seeks to resolve the error on a fair and equitable basis. SRC can resolve an error in any way it deems appropriate and consistent with the above policy. If a client account incurs a trade error from SRC's fraud, gross negligence, willful misconduct, or violation of the standard of care applicable to the client account, SRC will reimburse the client. Trade errors that do not result from SRC's fraud, gross negligence, willful misconduct, or other standards of care applicable to the client account are borne by the client account. When a trade error is caused by a counterparty, such as a broker-dealer, SRC will strive to recover from the counterparty any losses associated with such error.

Item 17. Voting Client Securities

As SRC invests predominantly in CMBS fixed-income securities, CMBX, and US Treasuries, it does not expect to receive proxies related to any of the Funds' investments.

Item 18. Financial Information

No financial conditions are likely to impair Shrewsbury's ability to meet contractual commitments to the Funds.

Appendix: Item 2. Material Changes

The RAUMs have been updated to reflect assets on December 31, 2023. Otherwise, there are no material differences between this version of SRC's Form ADV and the last version filed with the SEC.