



Form ADV
Part 2A Brochure
March 28, 2024

Claros REIT Management LP

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This brochure ("Brochure") provides information about the qualifications and business practices of Claros REIT Management LP ("CRM") and certain of the qualifications and business practices of its affiliates Mack Real Estate Credit Strategies, L.P. and MREG Fund Management LLC. If you have any questions about the contents of this Brochure, please contact us at +1 (212) 484-0050. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

CRM is registered as an investment adviser. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about the Adviser is also available on the SEC's Investment Adviser Public Disclosure website which can be found at www.adviserinfo.sec.gov.

2. Material Changes

This Brochure, dated March 28, 2024, serves as an update to our prior brochure, dated March 31, 2023 (the “**Prior Brochure**”). Since the Prior Brochure, we have made clarifying changes and provided additional information in several sections of this Brochure, including revised disclosure on the advisory business, enhanced disclosure concerning the allocation of fees and expenses, new and updated risk disclosures, additional disclosures concerning affiliates of the Adviser, and new and enhanced disclosures regarding the conflicts of interest, or issues that present the appearance of conflicts of interest, faced by the Adviser. In addition, we routinely make updates throughout this Brochure including to improve and clarify the description of our business practices, compliance policies and procedures, as well as to respond to evolving regulations and industry best practices. We do not consider any of these revisions or updates to be indicative of any material changes to our business or the governing agreements between CRM and its Clients (as defined below). Please review this Brochure carefully and in its entirety.

Currently, copies of this Brochure may be requested by contacting Kimberly Yuhas, the Adviser’s Chief Compliance Officer (“**CCO**”), at (212) 484-0025 or at kyuhas@mackregroup.com.

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4. Advisory Business

Our Firm Profile

Claros REIT Management LP ("**CRM**" or the "**Adviser**"), a Delaware limited partnership, was formed in 2015. CRM acts as investment adviser to Claros Mortgage Trust, Inc. ("**CMTG**"), a publicly traded real estate investment trust ("**REIT**") that is listed on the New York Stock Exchange ("**NYSE**") under the ticker symbol "CMTG," and certain related investment vehicles. CMTG engages primarily in the business of originating, acquiring, and managing senior loans on transitional commercial real estate assets. MRECS Holdings LLC and ARS VII Claros Manager, LP are the principal owners with at least a 25% direct ownership interest in CRM. Richard Mack is also a principal owner who maintains (directly and/or indirectly) at least a 25% ownership interest in CRM.

CRM is under common control with Mack Real Estate Credit Strategies, L.P. ("**MRECS**"), a registered investment adviser that was formed in 2014, and MREG Fund Management LLC ("**MFM**"), a relying adviser of MRECS that was formed in 2014. CRM was a relying adviser of MRECS until August 3, 2020, at which time it filed its own registration as an investment adviser with the SEC. CRM is a related adviser of MRECS pursuant to Rule 203A-2(b) of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). CRM is under common control with MRECS and MFM, and its principal office and place of business is the same as that of MRECS and MFM. Pursuant to a services agreement, certain personnel of MRECS allocate a portion of their business time and attention to CRM. Please refer to the Form ADV Part 2A brochure for MRECS (the "**MRECS Brochure**") for additional information about the advisory services provided by MRECS and MFM.

The term "Adviser" in this Brochure typically refers to CRM. However, while this Brochure primarily concerns CRM, some of the information herein applies to our collective advisory business as a whole. Accordingly, terms such as "we," "our," and "us" generally refer to the advisory business of CRM, but in certain circumstances are intended to address the collective advisory business of CRM, MRECS, and MFM (collectively, the "**Advisers**") as a whole. As used herein, any references to "or" shall mean "and/or" and any references to "including" shall mean "including but not limited to."

Our Advisory Services

CRM provides advice primarily with respect to the origination and management of loans by CMTG (collectively, with CMTG/TT Mortgage REIT LLC ("**CMTG/TT**"), in which CMTG has a non-controlling interest, the "**Clients**").¹ Information relating to fees, expenses, investment strategies and risks for each Client is, or will be, set forth in the respective Client's Governing Documents (as defined below).

At present, CRM provides advice only to the Clients. In the future, CRM may provide advice with respect to other types of investments or services to clients through any future REIT or other investment vehicles.

¹ "**Client**" means any REIT or similar pooled investment vehicle for which the Adviser provides investment advice and/or makes investment recommendations. The investors and other persons who invest in the Clients are generally referred to herein as "investors." Unless otherwise expressly stated herein, the term "Client" does not refer to "investors."

Pursuant to a management agreement (the “**Management Agreement**”) with CMTG, CRM is responsible for the day-to-day management of CMTG. In accordance with such Management Agreement, and subject to oversight by CMTG’s Board of Directors (the “**CMTG Board**” or “**Board**”), CRM will perform (or cause to be performed) such services and activities relating to CMTG’s investments and business affairs as may be appropriate, including (but not limited to) the following:

- serving as CMTG’s consultant with respect to the periodic review of the applicable investment guidelines (the “**Guidelines**”), any modification to which shall be approved by CMTG, and other policies for approval by CMTG;
- identifying, investigating, analyzing and selecting possible opportunities and, subject to the Guidelines, originating investments consistent with the Guidelines, and recommending to CMTG strategies for the same;
- subject to approval of CMTG, acquiring, originating, financing, retaining, negotiating for prepayment, refinancing, hypothecating, pledging, selling, restructuring or disposing of investments consistent with the Guidelines, and recommending to CMTG strategies for the same;
- meeting or corresponding with CMTG to discuss, develop and document a course of action to be taken with respect to any investment that has cleared all applicable approval processes of CRM or with respect to amendments or changes to the Guidelines;
- supervising the structure of the acquisition, origination or advance of investments;
- performing financial analyses, reviewing files and borrower reports concerning investments and reporting salient details thereof to CMTG;
- overseeing physical due diligence investigations of and reviewing and assessing any liens or other encumbrances on properties securing any investments;
- advising on the compliance and licensing necessary to own and manage investments;
- with respect to prospective acquisitions, sales or exchanges of investments, conducting negotiations on behalf of CMTG with sellers, purchasers and brokers and, if applicable, their respective agents and representatives (in cooperation with legal counsel chosen by CRM and approved by CMTG);
- establishing and implementing loan origination networks and conducting loan underwriting, due diligence and the execution of loan transactions;
- overseeing loan portfolio servicers; and
- providing CMTG with portfolio management, including the periodic review and evaluation of the performance of CMTG’s portfolio of investments.

The information provided above is a summary only and is not intended to be exhaustive. Prospective and existing investors in CMTG are advised to review the Management Agreement and CMTG’s SEC filings available at www.sec.gov/edgar for a further description of the advisory services performed by CRM for CMTG.

Customization of Our Advisory Services

Our advisory services are generally tailored to meet the specific investment objectives and requirements of each Client as set forth in the governing documents establishing our relationship with such Client. Such documents include the Management Agreement as well as a management agreement with CMTG/TT, and may also include other organizational and governance documents, including offering documents (such as a prospectus), limited liability company agreements, limited partnership agreements, committee charters, bylaws, and other formation documents, as amended or

restated from time to time (together, the “**Governing Documents**”). Collectively, the Governing Documents establish CRM’s relationship with the Clients, CRM’s relationship with the CMTG Board, and the Board’s governance of CMTG.

The Governing Documents of each Client typically define a strategy and may impose certain investment restrictions such as the type and geographic location of investments, typical size, maximum leverage and the percentage of the Client’s assets that can be invested in a single asset, which, in the case of CMTG, may be modified at any time by its Board of Directors. Any such restrictions apply to the relevant Client as a whole. We do not provide investment advice to underlying investors in the Clients (e.g., holders of CMTG class A common stock) based on their individual needs.

Wrap Fee Program Participation

We do not provide services under any wrap fee program.

Assets Under Management

As of December 31, 2023, CRM managed approximately \$8,110,169,000 of client “regulatory assets under management” (“**RAUM**”) on a discretionary basis.

5. Fees and Compensation

Advisory Fees

We generally receive an asset- or equity-based quarterly management fee (“**Management Fee**”) and an annual incentive-based fee or allocation of profits (“**Incentive Fee**”) from the Clients. Specific fee arrangements are set forth in the Governing Documents of the Clients.

Management Fee

CRM currently receives from the Clients an annual Management Fee, payable quarterly in arrears. For CMTG, the Management Fee is generally calculated at an annual rate equal to 1.5% of stockholders’ equity. CRM may reduce the applicable Management Fee rate for a Client (but not its individual underlying investors) and to date has done so for one of the Clients for which the services being performed are more narrowly tailored than those performed for CMTG.

Incentive Fee

CRM is entitled to receive from CMTG an Incentive Fee in an amount equal to the Incentive Fee Rate (as defined below) multiplied by the excess of Core Earnings (as defined in the Management Agreement) over a rate of return on stockholders’ equity of 7.00% per annum. Generally, the Incentive Fee (as applicable) for Clients other than CMTG is anticipated to also be calculated with reference to a rate of return on stockholders’ equity of approximately 7.00% per annum. The Incentive Fee is payable quarterly in arrears and is calculated on a cumulative basis with reference to a rolling four quarter period (requiring positive Core Earnings for each such quarter before any Incentive Fee is payable). The “Incentive Fee Rate” is generally 20% (and is 20% for CMTG) except that CRM may negotiate such rate for a Client as a whole (but not its individual underlying investors) and does so for one Client where CRM’s services have a narrower scope. Please see **Item 6** for more information on incentive compensation.

Termination Fee

CRM is entitled to a fee upon termination of the Management Agreement by CMTG (absent certain material breaches of such agreement by us). The termination fee would also be payable to CRM upon termination of the Management Agreement by CRM if CMTG materially breaches the Management Agreement. The termination fee is equal to three times the sum of (i) the average annual Management Fee and (ii) the average annual Incentive Fee, in each case during the 24-month period immediately preceding the most recently completed calendar quarter prior to the date of termination.

Other Fees/Expenses

In addition to the fees described above, CMTG is required to reimburse CRM for documented expenses incurred by CRM on CMTG's behalf (collectively, "**Expenses**"), excepting those costs and expenses that are specifically the responsibility of CRM as set forth in the Management Agreement. The Expenses include (but are not limited to) the following costs and expenses relating to CMTG's investments and other operations of CMTG but, in each such case, only to the extent such costs and expenses are contemplated in the Management Agreement, or are otherwise subject to oversight by CMTG's Board of Directors, and are not costs and expenses that are specifically the responsibility of CRM:

- expenses in connection with an offering of shares of CMTG stock (including public or private offerings);
- transaction costs (including legal and accounting expenses) incident to the acquisition, disposition and financing of investments, including without limitation travel and entertainment expenses and any costs incurred in connection with any failed investment transaction or abandoned potential investment transaction;
- costs of legal, tax, accounting, and third-party administrators for the establishment and maintenance of the books and records, consulting, auditing, administrative and other similar services rendered for CMTG by providers retained by CRM or, if such services are provided by CRM (or its commonly controlled affiliates), amounts which are (x) no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis and (y) to the extent the same do not fall within the parameters of the Management Agreement, approved by CMTG;
- the compensation and expenses of CMTG's directors, and the allocable share of the cost of liability insurance under a universal insurance policy covering CMTG, CRM, MRECS and its affiliates, or under a separate insurance policy covering CMTG, to indemnify CMTG's directors and officers;
- costs associated with the establishment and maintenance of any of CMTG's credit facilities, repurchase agreements, and securitization vehicles or other indebtedness of CMTG (including commitment fees, accounting fees, legal fees, closing and other similar costs or any of CMTG's securities offerings (including an initial public offering ("**IPO**")));
- expenses in connection with the application for, and participation in, programs established by the U.S. government or any other governmental body or agency;
- expenses connected with communications to holders of CMTG's securities and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including all costs of preparing and filing required reports with the SEC;

- costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used for CMTG;
- expenses incurred by managers, officers, personnel and agents of CRM for travel on CMTG's behalf and other out-of-pocket expenses incurred by managers, officers, personnel and agents of CRM in connection with the origination, purchase, financing, refinancing, sale or other disposition of an investment;
- costs, expenses and fees incurred with respect to market information systems and publications, research and analysis services provided by third parties, research publications, information and other materials, and settlement, clearing and custodial fees and expenses;
- compensation and expenses of CMTG's custodian and transfer agent, if any;
- the costs of maintaining compliance with all supranational, national, federal, state, and local rules and regulations or any other regulatory agency;
- all taxes and license fees levied against CMTG or its assets or operations;
- all insurance costs incurred in connection with the operation of CMTG's business;
- costs and expenses incurred in contracting with third parties, including affiliates of CRM, for the servicing and special servicing of investments;
- all other costs and expenses relating to the business operations of CMTG, including the costs and expenses of originating, acquiring, owning, protecting, maintaining, developing and disposing of investments, including appraisal, valuation, reporting, audit and legal fees;
- expenses relating to any office(s) or office facilities, including disaster backup recovery sites and facilities, maintained for CMTG or its investments separate from the office or offices of the Advisers;
- expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by CMTG's Board of Directors to or on account of holders of CMTG's securities, including in connection with any dividend reinvestment plan;
- any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise), including any related costs or expenses, against CMTG, or against any trustee, director or officer of CMTG in their capacity as such for which CMTG is required to indemnify such trustee, director or officer by any court or governmental agency;
- all costs and expenses relating to the development and management of CMTG's website, if any;
- the allocable share of expenses under a universal health insurance policy covering CRM or its affiliates in connection with obtaining and maintaining insurance coverage which is customarily carried by property, asset and investment managers performing functions similar to those of CRM, in an amount which is comparable to that customarily maintained by other managers or servicers of similar assets;
- all costs and expenses associated with any listing, and the maintenance of such listing, of CMTG's securities on a national stock exchange; and
- reimbursement for CMTG's allocable share of compensation, including without limitation, annual base salary, bonus, any related withholding taxes and employee benefits, paid to (1) CRM's Chief Financial Officer ("**CFO**") based on the percentage of the CFO's time managing CMTG's affairs, and (2) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance, and other non-investment personnel of CRM and its affiliates based on the percentage of their time spent serving CMTG (for the avoidance of doubt, CMTG is not required to reimburse CRM's investment personnel, including but not limited to CRM's Chief Executive Officer and President).

CMTG does not have any obligation to reimburse CRM or its affiliates for the rent and other overhead expenses of CRM. CRM may, at its option, elect not to seek reimbursement for certain Expenses during a given quarterly period, which determination shall not be deemed to construe a waiver of reimbursement for similar Expenses in future periods.

Neither the Adviser nor any of its supervised persons receive brokerage commissions or other compensation for, or in connection with, the sale of securities or other investment products.

Typically, where fees, costs, and expenses are incurred for the benefit of one Client, portfolio investment, co-investor, third party, other pooled investment vehicle, or Adviser (each, an “**Allocable Party**”), the Advisers will allocate 100% of such fees, costs and expenses to such Allocable Party, subject to the terms of the applicable Governing Documents and the Advisers’ policies and procedures. Where fees, costs, and expenses are common to more than one Allocable Party, such fees, costs, and expenses are generally allocated between the relevant Allocable Parties in proportion to their participation in a specific investment, in proportion to their respective net asset values or equity commitments under management, or in such other manner as is determined to be fair and equitable by the Advisers, and in accordance with the Clients’ applicable Governing Documents and the Advisers’ policies and procedures.

The Advisers may determine an allocation of expenses to be fair and equitable even where a Client is required to bear more than its proportional share of such fees or expenses relative to other Allocable Parties receiving the same service or participating in the same transaction, which may be a result of the methodology used and/or based on the number of Allocable Parties the Advisers select to bear the expense in its initial allocation determination. When making expense allocation determinations, the Advisers generally will allocate an expense to one or more Allocable Parties that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Allocable Parties that were not in existence or otherwise identified as Allocable Parties at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases the Advisers will not re-allocate the expense to each such future Allocable Party, and any such future Allocable Party will benefit at the expense of other Allocable Parties, including the Clients.

From time to time, the Advisers and its personnel and related parties receive intangible and other benefits, discounts and perquisites arising or resulting from their activities on behalf of the Clients, the value of which will not offset or reduce Management Fees or otherwise be shared with the Clients or investors. Please see **Item 11** – “Other Benefits” for examples of such benefits, discounts and perquisites received by the Adviser, its affiliates and their personnel and related parties.

The information provided above is a summary only and is not intended to be exhaustive. Prospective and existing investors are advised to review the Clients’ Governing Documents, as applicable, as well as CMTG’s SEC filings available at www.sec.gov/edgar for a further description of the expenses associated with an investment in CMTG.

6. Performance-Based Fees and Side-By-Side Management

Performance-based compensation arrangements may vary from Client to Client, and we only charge a performance-based fee or allocation in relation to Clients that meet certain minimum required criteria for being charged performance-based compensation.

As noted in **Item 5**, CRM charges performance-based compensation in the form of an Incentive Fee to its Clients. With respect to CMTG, the Incentive Fee is payable in arrears, in quarterly installments. CRM computes each installment of the Incentive Fee after the end of the fiscal quarter with respect to which such installment is payable. A copy of the computations made by CRM to calculate such installment is thereafter delivered to CMTG's Board of Directors and, following such delivery, payment of such installment of the Incentive Fee shown therein is made to CRM.

A primary concern with the use of performance-based compensation arrangements is that such arrangements may create an incentive for the Adviser to engage in riskier investment behavior due to the higher return potential associated with higher risk investments. Since the amount of the Incentive Fee payable to us depends on CMTG's performance, we have an incentive to advise and cause CMTG to make more speculative investments than it would otherwise make in the absence of such incentive compensation. Also, the Adviser may have an incentive to favor (i.e., spend more time and resources or allocate specific investment opportunities anticipated to be more profitable than others) the accounts of Clients subject to performance-based compensation over accounts not subject to performance-based compensation, or subject to a preferable fee, in order to maximize the potential fee revenue from the account subject to the performance-based compensation. However, we believe that investments in CMTG made by the Advisers' principals, affiliates and employees helps promote alignment of interests and mitigates the incentive that may otherwise exist to favor riskier investments.

In order to manage such conflicts of interest, and issues that present the appearance of conflicts of interest, we have adopted a number of policies and procedures, including (i) the Code of Ethics, and (ii) certain investment allocation policies and procedures that provide an allocation process designed to treat all Clients fairly and equitably in accordance with the applicable Governing Documents. We reserve the right to amend the Advisers' policies and procedures from time to time without notice to, or the consent of, the investors in our Clients, or any other person, subject to any express contractual obligations that may apply. Please see **Item 11** for additional information relating to how we generally address conflicts of interest.

7. Types of Clients

CRM currently provides investment advice to the Clients, and its primary Client by assets under management is CMTG. CMTG's Class A Common Stock is listed on the NYSE and investors in CMTG are not required to meet any suitability requirements. The Clients, including CMTG, represent corporations or limited liability companies taxable as corporations, in each case that have made elections to be treated as REITs for tax purposes.

In the future, we may provide advisory services to other funds or similar commingled investment vehicles, as to which we would expect prospective investors in such clients to be subject to applicable suitability requirements.

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

CRM provides day-to-day investment advisory services to the Clients, including CMTG. The following is a summary of the investment strategies and methods of analysis generally used by CRM on behalf of the Clients. The below is a summary only, and should not be interpreted to limit in any way such

Client's investment activities. There can be no assurance that CRM will achieve the investment objectives of a Client, and a loss of invested equity is possible. Prospective and current investors in CMTG are advised to review the Governing Documents, as applicable, as well as CMTG's SEC filings available at www.sec.gov/edgar for a further description of the investment activities related to CMTG.

Investment Strategies

We employ a differentiated investment strategy focused on transitional loan opportunities secured by quality commercial real estate ("**CRE**") assets, with quality sponsorship, often located in markets in which the Advisers have infrastructure or experience, at a compelling loan basis. In general, we choose to focus on fewer, larger loan opportunities representing what we believe to be some of the most attractive risk-adjusted returns in the market at any point in time.

These assets may require light-to-heavy development, redevelopment, renovation, rehabilitation, repositioning or leasing. In light transitional lending, the properties being financed are generating cash flow, but typically require funding for value-added elements such as a new marketing or leasing program or other changes in business plans intended to maximize operating income, which in turn should potentially increase value. In heavy transitional lending, which primarily consists of land and construction loans, the properties being financed are not yet generating operating cash flow and require a significant outlay of capital. In general, investments on properties that require less capital expenditures on a relative basis and/or have a smaller difference between their in-place operating income and projected stabilized operating income are considered "lighter" transition, while investments on properties that are expected to require more capital expenditures on a relative basis and/or have a more significant difference between their in-place operating income (if any) and projected stabilized operating income are considered "heavier" transition. We seek to construct a portfolio that has an attractive and carefully underwritten risk-adjusted return across the light-to-heavy transitional continuum as we deem appropriate for market conditions.

We seek to hedge or otherwise mitigate interest rate, credit, currency and investment-related risks to the extent applicable and appropriate in light of the overall objectives of the Clients. Leverage may be utilized subject to approval by CMTG's Board of Directors and in accordance with the Governing Documents, as applicable.

Material Risks

Investing in the Clients involves risk of loss that investors should be prepared to bear. The following is a summary of some of the material risks associated with the strategies expected to account for a significant portion of our investments. This summary does not attempt to describe all of the risks associated with the Clients or to provide a complete description of any of the individual risks referenced. Although no summary can fully describe all the risks associated with an investment in the Clients, investors are advised to review the Governing Documents of the respective Client, as applicable, as well as CMTG's SEC filings available at www.sec.gov/edgar for a further description of the risks associated with an investment therein.

There is no guarantee that any investment strategy we use will be effective, and investors should evaluate their ability to maintain their investment in light of the investor's own time horizon and risk profile.

Real Estate Risks

Overview

All of our investment strategies involve real estate, primarily of a commercial nature (including multifamily rental housing). Real estate values have historically experienced significant, cyclical fluctuations that may result in substantial losses to the Clients and investors. Values and cash flows may be affected by a number of factors, including changes in the general economic climate, local market conditions (including the availability of space of a particular kind relative to demand), attractiveness and location of properties in which we invest and comparable properties, occupancy rates and the financial condition of tenants, construction risks, operating expenses (including the ongoing need for capital repairs and improvements), quality of property management services and general maintenance, interest rates and the condition of debt capital markets, property and other taxes, fiscal policies and governmental regulations (including zoning, building codes, rent control, environmental regulations, and other applicable laws, regulations and policies), potential liabilities associated with property development, management and ownership and other factors beyond our control such as civil unrest, natural disasters, pandemics and acts of war or terrorism. Certain of these risks are discussed in additional detail below.

Risk of Loss of Capital

Investing in the Clients involves the risk of loss of capital. Investors that cannot bear the loss of their entire investment in one of our Clients should not make such an investment. While we believe that our investment processes, strategy and research techniques mitigate the investment risk through a careful selection of investment opportunities, no guarantee or representation is made that we will achieve a Client's investment objectives or that we will avoid a loss of capital.

Suitable Investments

We may not be able to continue to find suitable investments, generate sufficient revenue to make or sustain distributions to investors or implement our operating policies and strategies as described in the applicable Governing Documents. Our ability to generate attractive risk-adjusted returns over the long term is dependent on our ability to generate sufficient cash flow to pay an attractive dividend. There can be no assurance that we will be able to generate sufficient revenues from operations to pay our operating expenses and make distributions to investors. Our Clients' results of operations and cash flows depend on several factors, including the availability of attractive risk-adjusted investment opportunities for the origination and/or acquisition of target assets, the ability of an Adviser to identify and consummate investments on favorable terms or at all, the level and volatility of interest rates, the availability of adequate short- and long-term financing, conditions in the financial markets and general economic conditions.

Illiquidity of Investments; Lack of Transferability

Investments the Adviser makes on behalf of the Clients generally have limited liquidity. The ability to dispose of these investments, including loans, may be limited and some investments are subject to specific transfer restrictions. Accordingly, a Client may be unable to vary its portfolio of investments in response to changes in economic or other conditions that affect the market value of investments in real estate and real estate debt (including changes in interest rates, operating conditions in particular

markets, the condition of financial markets, the number of active participants in the markets for real estate securities, and their general activity levels). A decrease in liquidity may in and of itself have an adverse effect on the market value of certain investments. Partly as a result of the foregoing, as well as general market inefficiencies respecting credit-impaired investments, carrying values determined by the Adviser may not necessarily be indicative of actual results or amounts to be realized from investments. In addition, no assurances can be given that the fair market value of any investments held by a Client will not decrease in the future or that the Client will recognize full value for any investment that it sells. In some cases, the sale of such investments may be prohibited or limited by contract for a time, and so we may not be permitted to sell such investments at a time we might otherwise desire to do so.

Interest Rate Risk

Interest rate levels have a variety of impacts on investments made for our Clients, some of which can be positive and others adverse. For example, an increase in interest rates will increase a Client's cost of debt financing and reduce amounts available for other purposes including distributions to investors. In addition, increasing interest rates generally causes outstanding fixed-rate debt securities and interests in fixed rate loans to decline in value. In general, interest rate increases and rising inflation can be expected to materially adversely affect portfolios of real estate debt, decrease the likelihood of successful workouts of distressed debt, and increase the likelihood of defaults and foreclosures. The fact that such debt is often originated on a floating rate basis may mitigate, but does not eliminate, such risk.

Inflation

Certain countries, including the United States, have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and may continue to harm the economies and securities markets (both public and private) of certain countries in which the Clients may invest. High rates of inflation can have a material adverse effect on the investments of the Clients.

"Spread Widening" Risk

For reasons potentially but not necessarily attributable to the other risks set forth herein, the prices of the debt instruments and other securities in which we invest for our Clients may decline substantially. It may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing of debt instruments may still not reflect the true value of the real estate assets underlying such debt instruments, and therefore further deteriorations in value with respect thereto may occur following a Client's investment therein.

Use of Leverage

Investments are often leveraged, including by way of embedded leverage within the capital structure of a particular property or the entities that own it. Although the use of leverage can enhance returns, offer the opportunity for increased appreciation, and increase the number of investments that can be made, borrowings (or investments in securities of issuers with leveraged capital structures) may also substantially increase the risk of loss and exposure of investments to adverse economic factors such as significant rising interest rates, severe downturns in the economy, and deteriorations in the condition

of an investment or the industry, and such investments may be subject to restrictive financial and operating covenants. Borrowings may require the increased use of cash flow for debt service rather than distributions or other purposes. There can be no assurance that a Client will have sufficient cash flow to meet its debt service obligations and, as a result, a Client's exposure to losses may be increased due to the illiquidity of its investments generally. Similarly, investments may be made in entities that are unable to generate sufficient cash flow to meet principal and interest payments on their indebtedness to a Client (or indirect obligations to a Client arising from such indebtedness). Accordingly, the value of such an investment could be significantly impaired or even reduced to zero due to credit deterioration. Leverage may be utilized subject to approval by CMTG's Board of Directors and in accordance with the Governing Documents, as applicable. In some cases, leverage utilized by subsidiary entities does not count against recourse limits established at the vehicle level even if such borrowings are cross-collateralized by multiple investments and a substantial portion of a Client's asset value is at risk, although such borrowings subject the Client to similar risks that would exist if these borrowings were incurred at the Client level.

Global Economic Conditions; Market Dislocation

General global economic conditions can affect a Client's activities. Interest rates, general levels of economic activity, fluctuations in the market price of securities, and participation by other investors in the financial markets may affect the value and number of investments made by a Client. The instability in the securities markets may increase the risks in investments made by a Client. If a Client's investments participate in such markets, the results of their operations may suffer. In addition, if marketplace events continue (or worsen), this may harm the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of a Client's investments and the Advisers' ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, a Client could lose both invested capital in and anticipated profits from those investments.

In addition, current global economic conditions could materially and adversely affect, among other things: (i) the ability of a Client, its investments, or their respective affiliates to access credit markets on favorable terms or at all in connection with the financing or refinancing of investments, (ii) the ability or willingness of certain counterparties to do business with a Client or its affiliates, and (iii) a Client's exposure to the credit risk of others in its dealings with various counterparties (for example, in connection with the maintenance with financial institutions of reserves in cash or cash equivalents).

Development and Construction Risks

Debt or equity investments in the development and construction of real estate assets are subject to a variety of specialized risks that may adversely affect a Client's financial performance. In addition to other general real estate risks described herein, the risks associated with property renovation, development, redevelopment, and construction include construction delays or cost overruns that may increase project costs and decrease potential profits; delays in obtaining, or the inability to obtain zoning, occupancy, and other required government entitlements, variances, permits and authorizations; the inability to repay construction or land loans at maturity; liability under completion, performance, payment, or other guarantees which may be issued; and the inability to rent space, or sell units, in newly developed projects.

Credit Risk of Tenants

Clients invest debt or equity capital in properties for which tenant leases (as opposed to capital appreciation) will generate a significant portion of the cash flows required to make the investment successful. In such cases, Clients are subject to the credit risk of the relevant tenants. In particular, local economic conditions and factors affecting the industries in which these tenants operate may affect the tenants' ability to make lease payments. In the event that tenants default on their leases and fail to make rental payments when due, there could be a significant decrease in a Client's performance and, potentially, there may be second-order effects, such as the inability to meet the Client's obligations under any debt financing. In addition, it may not be possible to secure replacement tenants in a timely manner or on comparable terms if tenants default on their leases.

Potential Environmental Liability

Under various laws and regulations, an owner or lender to an owner of real property can have significant liability for contamination found on such property including being liable for the costs of removal or remediation of hazardous substances on or within such property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence and/or origin of such hazardous substances. Customary due diligence efforts may not identify all potential environmental issues. The cost of any required remediation and the owner's liability with respect thereto could exceed the value of the property, the aggregate assets of the owner and any reserves or insurance proceeds available for such liability. Environmental laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. The presence of hazardous substances, or the failure to properly remediate contamination from such substances, can also adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral and may have a significant adverse effect on the investment returns derived from such property. The presence of hazardous substances may lead to claims by private plaintiffs of personal injury, property damage or other claims as well as liens on the property in favor of the government for costs it incurs in connection with the contamination.

Distressed Investments

The Adviser could invest Client capital in nonperforming, underperforming or undercapitalized real estate companies or other troubled assets which involve a heightened degree of financial risk and are experiencing or are expected to experience severe financial difficulties that may never be overcome and, as a result, may lead to a loss of some or all of the equity invested. Such investments may have been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence; as a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected. In addition, certain investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code, which entails additional risks of loss.

Investments through Joint Ventures

Certain Clients invest as a co-venturer with an unaffiliated third party and such investments involve unique risks as compared to independent investments. These risks include the possibility that a Client will not be able to fully implement the strategic decisions that are optimal for its interests because of limitations on the Client's control of the investment under applicable agreements with a co-venturer. In

addition, a co-venturer may at any time fail to fund its share of required capital contributions or default on other obligations, as a result of encountering financial difficulties or otherwise, in which event our Client may be required to make additional capital contributions to replace the shortfall and may face delays in the event of the insolvency of a co-venturer. Co-venturers can have economic or business interests or goals which are inconsistent with those of the relevant Clients, and may be in a position to take action contrary to the Clients' objectives such as forcing an untimely sale of an investment. In some cases, a Client may be liable for the actions of a third-party co-venturer. If we are unable to agree on a course of action with a co-venturer, the deadlock could delay the execution of the business plan for the investment or require the Client to invoke a "buy-sell" provision so that one party is obligated to buy the investment and the other is obligated to sell. From time to time, the Advisers also take certain actions for reputational or business reasons, such as to maintain strategic business relationships with actual or potential co-venturers, including but not limited to engaging service providers that are affiliated with such co-venturers, on behalf of a Client or underlying investment. As a result of these and similar risks, a Client may be unable to timely exit or fully realize its expected return on any such investment with a third party. Moreover, such risks could adversely affect our ability to continue to qualify as a REIT or maintain our exclusion from registration under the Advisers Act.

Hedging Policies and Risks

In connection with certain types of investment exposure, as applicable, Clients may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for Clients that enter into hedging transactions. In addition, in the event that a hedge fails to perform as anticipated (which can occur if the performance of the hedge becomes uncorrelated with the target investments due to various market factors), a Client may suffer substantial losses. Small hedging errors may be further amplified by leverage, and there can be no assurance that a hedging strategy will be effective.

Limited Diversification; Concentration of Investments

A Client's investments can be concentrated in certain markets, property types, and borrowers, among other factors, and will be subject to risk of default. For example, while we intend to diversify CMTG's portfolio of investments, in certain circumstances we have criteria outlined in the Guidelines that can be changed with approval of CMTG's Board of Directors. We are not required to observe specific diversification criteria other than as outlined in the Guidelines and determined by the Board of Directors. Therefore, the portfolio of target assets may at times be concentrated in certain property types that are subject to higher risk of achieving their stated business plans or other concentration risk or supported by properties concentrated in certain geographic locations. Accordingly, the aggregate returns realized by a Client may be substantially adversely affected by the unfavorable performance of a small number of portfolio investments.

Risks Related to Lending

Competitive Market

Our Clients operate in a competitive market for the origination and acquisition of attractive risk-adjusted investment opportunities. For example, a number of entities compete with CMTG to make the types of investments that we originate or acquire. Our success depends, in large part, on our ability

to originate or acquire our target assets on attractive terms. In originating our target assets, we compete with a variety of institutional lenders and investors, including other commercial mortgage REITs, specialty finance companies, public and private funds (including funds that CRM or its affiliates may in the future sponsor, advise and/or manage), commercial and investment banks, commercial finance and insurance companies, and other financial institutions. A number of entities have raised, or are expected to raise, significant amounts of capital pursuing strategies similar to ours, and have investment objectives that overlap with ours, which can create additional competition for investment opportunities. Many of our competitors are significantly larger than we are and have considerably greater financial, technical, marketing, and other resources than we do. Some competitors may have a lower cost of funds and access to financing sources that are not available to us. Many of our competitors are not subject to the operating constraints associated with REIT tax compliance or maintenance of our exclusion from registration under the 1940 Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments, deploy more aggressive pricing or financing strategies and establish more relationships than us. Furthermore, competition for investments in our target assets can lead to the price of these assets increasing and/or return on investment declining, which can further limit our ability to generate desired returns. Also, as a result of this competition, desirable investments in our target assets may be limited in the future, and we may not be able to take advantage of attractive risk-adjusted investment opportunities from time to time. In addition, reduced CRE transaction volume could increase competition for available investment opportunities. We can provide no assurance that we will be able to continue to identify and make investments that are consistent with the Clients' investment objectives, or that the competitive pressures we face will not have a material adverse effect on us.

Loans to Properties in Transition

Loans on properties in transition often involve a greater risk of loss than loans on stabilized properties. The typical borrower under a loan on a transitional asset has usually identified an undervalued asset that has been under-managed and/or is located in an improving market, which can give rise to the following risks without limitation: (i) the market in which the asset is located fails to materialize according to the borrower's projections; (ii) the borrower fails to improve the quality of the asset's management or value of the asset; or (iii) the borrower underestimates costs or the time it takes to execute the business plan. In addition, borrowers usually use the proceeds of a conventional mortgage to repay a loan secured by a transitional property after such property is stabilized. Loans on transitional assets are therefore subject to risks of a borrower's inability to obtain permanent financing to repay a Client's transitional loan. Other risks may include environmental risks, delays in legal and other approvals (e.g., for condominiums), other construction and renovation risks, and subsequent leasing of the property not being completed on schedule. Accordingly, the borrower may not receive a sufficient return on the asset to satisfy our loan or may elect to abandon its equity in the project entirely, and the Clients may not recover some or all of the loan's unpaid principal balance and interest thereon.

Temporary Investment of Cash

Temporary investments of cash pending deployment into investments may not generate significant interest. In light of the Clients' investment strategy and the need to be able to deploy capital quickly to capitalize on potential investment opportunities, we may from time to time maintain cash pending deployment into investments, which may at times be significant. Cash may be held in an account for the benefit of stockholders or may be invested in money market accounts or other similar temporary

investments. While the expected duration of any holding period is expected to be relatively short, in the event we are unable to find suitable investments, the cash positions may be maintained for longer periods.

Construction Lending

There are increased risks involved with construction lending activities. Construction lending generally is considered to involve a higher degree of risk than other types of lending due to a variety of factors, including the difficulties in estimating construction costs and anticipating construction delays and, generally, the dependency on timely, successful completion and commencement of operations post-completion of construction. Since these loans generally entail greater risk than mortgage loans on income-producing property, we may need to increase our allowance for loan losses to account for the likely increase in probable incurred credit losses associated with these loans. Further, as the lender under a construction loan, a Client may be obligated to fund all or a significant portion of the loan at one or more future dates. A Client may not have the funds available at those future date(s) to meet funding obligations under the loan. In that event, a Client would likely be in breach of the loan unless we are able to raise the funds from alternative sources, which we may not be able to achieve on favorable terms or at all.

General Risks of Real Estate Collateral

Making loans secured by real estate (or equity interests in the owners of real estate) is subject to all of the risks inherent in investing in real estate and real estate-related investments as described above. There can be no assurance of profitable operations for any real estate property or the repayment of any debt investment that is secured by such property or equity interests. The cost of developing or operating a property may exceed the available cash flows generated from such activities or require a Client to advance funds to protect an equity investment, forego the receipt of interest income on debt investments and/or dispose of commercial real estate collateral on disadvantageous terms.

Regulatory Changes Impacting Lenders

In recent years, the financial services industry as well as the activities of public companies and their managers have been subject to increasing regulatory scrutiny in the United States and in other jurisdictions. Such scrutiny and accompanying regulatory changes may result in new business opportunities for non-traditional market participants (such as non-bank lenders) but may also increase the exposure of our Clients to potential liabilities and increase the cost of doing business. Clients that engage in lending activities, for example, may become subject to future legal, regulatory, or governmental developments that have an adverse effect on their ability to achieve their investment objectives.

Investments in Commercial Mortgages and Mezzanine Loans

Certain Clients originate or acquire commercial mortgage and mezzanine loans secured by commercial property and related assets. Such loans are subject to the risks of default, bankruptcy, fraud, and loss, among others. Clients bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the collateral (whether in the form of a mortgage or a pledge of equity) and the total principal amount, unpaid interest, and other amounts owed under a loan. In addition, the exercise of foreclosure and other remedies may involve unforeseen expenses and

lengthy delays during which time property values may decline.

Commercial mortgage loans generally are not amortizing or do not fully amortize, which necessitates the sale of the property or refinancing of the “balloon” amount at or prior to maturity of the mortgage loan. Accordingly, Clients bear the risk that borrowers will be unable to refinance or otherwise repay the loan at maturity. On the other hand, Clients also bear the risk that a borrower will prepay a loan by refinancing it earlier than expected. In such cases, a Client may (but will not necessarily) be entitled to receive “yield maintenance” or similar payments protecting the lender’s profit expectations from the loan.

Investments in subordinated debt involve the general risks attendant to real estate investing as well as additional risks relating specifically to subordinated interests. Subordinate loans such as junior participations in mortgages and mezzanine loans (and participations therein) have a significantly higher risk of credit loss compared to senior loans, and in some cases may have a “first loss” subordinate holder position. If a default occurs, the net proceeds from a foreclosure or restructuring may not be sufficient to cover the expenses of foreclosure and payment in full of the debt. In such event, the holders of subordinate loans would realize a loss of up to 100% of their invested equity before the senior lender(s) suffer any loss.

Loans to Income-Producing Properties

Certain Clients also make loans with respect to income-producing properties. The ability of a borrower to repay a loan secured by an income-producing commercial property generally depends upon the successful operation and financial performance of the property because there is usually no recourse to a borrower’s unrelated income or assets. If the net operating income of the property is reduced, the borrower’s ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by the property location and condition, quality of property management and maintenance, changes in operating expenses, supply of space in the relevant market relative to demand, the tenant mix, the financial performance of tenant businesses, interest rates, taxes, changes in law or regulation, environmental issues and overall economic conditions, natural disasters, pandemics, civil disturbances and acts of terrorism, among other factors.

Lender Liability Risks

A number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed, “lender liability”). Lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower, its other creditors or shareholders. Under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Some Clients could be subject to such claims.

Benchmark Rate Risk

Prior to June 30, 2023, certain investments held by the Clients had floating interest rates based on the London Inter Bank Offered Rate ("LIBOR"). LIBOR is an estimate of the interest rates to borrow U.S. dollars, sterling, euros and certain other currencies in the London unsecured interbank market, and was widely used as a reference for setting the interest rate on loans, bonds and derivatives globally. Consistent with prior announcements by the United Kingdom's Financial Conduct Authority ("FCA"), the representative settings for all Swiss franc, euro, British pound sterling, Japanese yen, and U.S. dollar LIBORs are no longer available as of June 30, 2023, while synthetic 3-month British pound sterling LIBOR and 1-, 3- and 6-month U.S. dollar LIBOR settings are expected to cease at the end of March 2024 and September 2024, respectively.

On March 15, 2022, the United States enacted the Adjustable Interest Rate (LIBOR) Act of 2021 ("LIBOR Act"). The federal LIBOR Act preempts similar state legislation (including that enacted in New York) and provides one national approach for replacing U.S. dollar LIBOR as a reference interest rate in certain contracts, including those with no fallback provisions or with fallback provisions that identify neither a specific replacement rate nor a "determining person" as defined in the legislation, once U.S. dollar LIBOR is no longer published or is no longer representative. The U.S. Federal Reserve has adopted the final rule that implements the LIBOR Act, which established certain Secured Overnight Financing Rate ("SOFR")-based benchmark replacements for contracts governed by U.S. law that reference overnight and one-, three-, six- and 12-month tenors of U.S. dollar LIBOR that do not have suitable fallback provisions after June 30, 2023. As a result of the transition away from LIBOR as a benchmark reference for interest rates, certain investments held by the Clients now have floating interest rates based on SOFR or, if otherwise provided in the underlying contracts, other alternative benchmark rates.

SOFR Risk

SOFR is a relatively new index rate calculated based on short-term repurchase agreements backed by U.S. Treasury Instruments. While LIBOR is an unsecured rate, SOFR is a secured rate. SOFR, unlike LIBOR, reflects actual market transactions. Accordingly, SOFR is not the economic equivalent of LIBOR. Consequently, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, monetary policy, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

Additionally, because SOFR is published by the Federal Reserve Bank of New York based on data received from other sources, we have no control over its determination, calculation, or publication. There can be no assurance that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Clients. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on SOFR-linked floating rate instruments and the trading prices of such instruments. Additionally, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates. Although occasional, increased daily volatility in SOFR would not necessarily lead to more volatile interest payments, the return on and value of SOFR-linked floating rate instruments may fluctuate more than floating rate instruments that are linked to less volatile rates. All of the foregoing risks may affect the performance of the applicable loans in which the Clients invest, which in turn may adversely affect the performance of the Clients.

Alternative Benchmark Rate Risk

As stated above, some of the investments held by the Clients may have floating interest rates based on alternative benchmark rates other than SOFR. Such alternative benchmark rates, like SOFR, may not have been widely used by market participants until relatively recently, and they may not perform exactly the same as LIBOR because they are calculated and administered differently. Generally, the use of alternative benchmark rates (including SOFR) may (i) cause the value of the interest rate on such bonds and loans to be uncertain or to be lower or more volatile than it would otherwise be, (ii) result in uncertainty as to the functioning, liquidity or value of such bonds and loans, and/or (iii) involve actions of regulators or rate administrators that may adversely affect certain markets or contracts underlying such bonds and loans. All of the foregoing could adversely affect the return on and value of the related floating rate instruments in which the Clients invest.

Mortgage REITs

In addition to the general risks associated with real estate investments, including real estate debt investments, as described above, investment vehicles that are structured as (or have subsidiary vehicles structured as) REITs involve special risks. These risks include risks associated with a failure to maintain REIT qualification and/or an exemption from the 1940 Act as well as other tax risks relating to the income and asset types in which REITs are permitted to invest without subjecting themselves to adverse tax consequences. REITs are also subject to ownership concentration limitations, the breach of which could have material adverse tax consequences.

Risks Related to Structured Products/Securitizations

Structured Products

The Advisers may cause a Client to invest from time to time in structured products, to the extent permissible under the applicable Governing Documents, including in subordinate classes of commercial mortgage-backed securities, collateralized loan obligations, collateralized debt obligations and other similar structured products. These investments may include certificates issued by a structured investment vehicle that holds pools of commercial mortgage loans, loans or other debt, as applicable.

Investments in structured products are subject to a number of risks, including risks related to the fact that the structured products will be leveraged. Utilization of leverage is a speculative investment technique and will generally magnify the opportunities for gain and risk of loss borne by an investor investing in the subordinated debt securities. Many structured products contain covenants designed to protect the providers of debt financing to such structured products. A failure to satisfy those covenants could result in the untimely liquidation of the structured product and a complete loss of the investment.

The value of an investment in a structured product will depend on the investment performance of the assets in which the structured product invests and will, therefore, be subject to all of the risks associated with an investment in those assets. These risks include the possibility of a default by, or bankruptcy of, the issuers of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other creditors of the issuer of such asset or nullified under applicable law.

Securitizations

The Advisers may, on behalf of certain Clients, seek to securitize certain portfolio investments to generate cash for funding new investments. This would involve creating a special-purpose vehicle, contributing a pool of the Client's assets to the entity, and selling interests in the entity on a non-recourse basis to purchasers. Typically, the Client would expect to retain all or a portion of the equity in the securitized pool of portfolio investments. The securitization of a Client's portfolio might magnify its exposure to losses because any equity interest it retains in the issuing entity would be subordinate to the notes issued to investors and the Client would, therefore, absorb all of the losses sustained with respect to a securitized pool of assets before the owners of the notes experience any losses. The inability to securitize a Client's portfolio may hurt the Client's performance, and at the same time, the securitization of portfolio investments might expose the Client to losses, as the residual portfolio investments not sold will tend to be riskier and more likely to generate losses.

Other Risks

Indemnification

CRM, its officers, stockholders, members, directors, employees, consultants, personnel, and any person controlling or controlled by CRM, will have a right to indemnification from the Client, except in certain circumstances. The assets of the Clients will be available to satisfy these indemnification obligations. Such obligations will survive the termination of the Management Agreement.

Material Non-Public Information

Despite the maintenance of restricted lists and other internal controls, the internal controls relating to the management of material non-public information could fail and lead to the Adviser, or one of their investment professionals, buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could harm the Adviser's reputation, lead to the imposition of regulatory or financial sanctions, and so harm the Adviser's ability to perform its investment management services on behalf of a Client.

Prior Investment Performance Not Indicative of Future Results

The performance of prior investments made by the Adviser or any of its affiliates is not indicative of a Client's future results. While we intend to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the historical internal rate of return (IRR) generated by prior investments will be achieved by any Client. On any given investment, total loss of the investment is possible.

Dependence on Key Personnel

The success of a Client depends in substantial part upon the skill and expertise of the members of our investment team and the other individuals employed to assist them. There can be no assurance that members of the investment team will continue to be employed by the Adviser. The loss of service to a Client of certain members of the investment team or other key personnel could have a material adverse effect on the success of such Client.

Accuracy of Third-Party Information

We select investments for the Clients, in part, based on information and data made available directly or indirectly by third parties. We may be unable to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Regulatory Status

CRM is registered as an investment adviser under the Advisers Act and, as such, is subject to the Advisers Act. Failure to comply with the requirements imposed on us because of current registrations or as a result of future registrations may have a material adverse effect on the Adviser's ability to perform its duties to the Clients. The Adviser's ability to source and execute transactions for the Clients may also be adversely affected by negative publicity arising from any regulatory compliance failures, other inappropriate behavior or any other publicity attributed or related to the Adviser, any affiliate of the Adviser or any of their respective investment professionals.

Effect of Fees and Expenses on Returns

A Client will pay certain fees and will bear all expenses related to its operations. Such fees are expected to reduce the actual returns to investors. Most of the fees and expenses will be paid whether or not a Client produces positive investment returns. If a Client or underlying investment does not produce positive investment returns, such fees and expenses could reduce the amount of the investment recovered by an investor to an amount less than that invested in the Client by such investor.

Disease, Epidemics, and Other Public Health Issues

The impact of disease and epidemics may have a negative impact on our business, our Clients, and their performance and financial position. The 2019 coronavirus outbreak (COVID-19), renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses, and could also result in a general economic decline. Such events may adversely impact economic activity through disruption in supply and delivery chains. The operations of the Adviser, Clients, and underlying investments could be negatively affected if personnel are quarantined as the result of a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on our business, our Clients and our Clients' investments. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. Our operations and business results, including with respect to any particular Client or investment, could be materially adversely affected.

Data Privacy and Protection Laws and Regulations

The Adviser and its respective affiliates receive, store, handle, transmit, use and otherwise process information related to our investments and prospective investments, including from our employees, job applicants, contractors and representatives of companies we do business with (collectively, "**Confidential Information**"). As a result, the Adviser and its respective affiliates are, and may further in

the future become subject to U.S. federal and state laws, rules and regulations related to data privacy, data protection and information security which may apply to personal information provided by, or on behalf of, any investor. For instance, in the United States, the federal Gramm-Leach-Bliley Act of 1999 ("GLBA") and Regulation S-P adopted by the SEC pursuant to the GLBA, imposes certain privacy obligations on covered financial institutions that offer financial products or services, including to notify customers of their privacy policies and establish sufficient safeguards of its Confidential Information. Moreover, at the state level, the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the "CCPA") introduces individual privacy rights for California residents and increases the privacy and security obligations of covered entities handling certain information. Since the CCPA went into effect, comprehensive privacy statutes that share similarities with the CCPA have been enacted in several other states, while other states are currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information about.

We may be required to modify our data collection or processing practices and policies, and incur substantial costs and expenses in an effort to comply with such laws. Moreover, increasing laws and regulations could increase our potential exposure to regulatory enforcement and/or litigation. Additionally, these requirements, and their application, interpretation, and amendment are constantly evolving and developing. Increasing laws and regulations could increase our potential exposure to regulatory enforcement and/or litigation. Compliance with existing and emerging data privacy and security laws, regulations and industry standards could result in increased compliance costs and/or lead to changes in business practices and policies. Any actual or perceived failure to protect the confidentiality of client or other personal information could adversely affect our reputation, lead to private litigation against us, and require additional investment in resources, impact strategies and availability of previously useful data, any of which could materially and adversely cause the Adviser and/or its respective affiliates to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Risks of Artificial Intelligence ("AI")

The Adviser's ability to use, manage, and aggregate data may be limited by the effectiveness of its policies, systems, and practices that govern how data is acquired, validated, used, stored, protected, processed and shared. Failure to manage data effectively and to aggregate data in an accurate and timely manner may limit the Adviser's ability to manage current and emerging risks, as well as to manage changing business needs and to adapt to the use of new tools, including AI.

While the Adviser, under certain circumstances, restricts certain uses of third-party and open source AI tools, the Adviser's affiliates, consultants, or employees, as well as unaffiliated third parties such as joint venture partners, may use these tools, which could pose additional risks relating to the protection of the proprietary data or Confidential Information of the Adviser or its affiliates (including the Clients and underlying investments), including the potential exposure of such information to unauthorized recipients, which could adversely affect the Adviser, Clients, or underlying investments. Use of AI tools could result in allegations or claims against an Advisers, a Client, or an underlying investment related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information, or failure to comply with open-source software requirements, among other things. Additionally, AI tools could produce inaccurate, misleading, or incomplete responses that could lead to errors in decision-making, portfolio management, or other business activities, which could have a negative impact on the Adviser or on the performance of a Client or its investments. Such AI tools could also be used against the Adviser, a Client, or the investments in criminal or negligent ways.

As the use and availability of AI tools has grown, the U.S. Congress and a number of federal and state agencies have been examining AI tools and their use in a variety of industries, including financial services, and have proposed a variety of rules and other guidance regarding the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions. Ongoing and future regulatory actions with respect to AI may alter, perhaps materially, the ability of the Adviser, Clients, or underlying investments to utilize AI, and may have a materially adverse impact on their ability to continue to operate as intended.

Cybersecurity and Identity Theft

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. We rely on the Internet, computer networks, and various software and hardware (collectively, "IT Systems") for both internal and external-facing operations. We manage certain IT Systems, but also rely on third-party service providers and vendors to manage certain other IT Systems, as well as to provide products and services critical to our business. All IT Systems are subject to certain cybersecurity threats, risks and vulnerabilities. While we have taken steps to protect our IT Systems and confidential information, threat actors are increasingly sophisticated, using advanced tools and techniques to circumvent security controls, obfuscate data access and delete forensic evidence, which can impact our ability to timely and effectively detect, investigate and mitigate attacks and incidents. Additionally, continued remote and hybrid working arrangements present potentially increased risks associated with the prevalence of social engineering attacks and vulnerabilities inherent in many non-corporate and home networks.

Service providers of the Adviser or the Clients may process, store and transmit Confidential Information. The Adviser's IT systems, which contain Confidential Information, are increasingly subject to risk of cyberattacks, damage or interruption from computer viruses (for example, ransomware), network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, software "bugs" and vulnerabilities, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and can be difficult to detect for longer periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, a Client may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors) that could prevent the Adviser and Clients from executing their investment strategy or accessing an account, which could lead to financial losses. A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity, and financial condition of a Client. If any security systems, counter measures, or other controls designed to mitigate cyber-related risks are compromised, disrupted, or cease to function properly, we may incur significant costs and liability due to the theft of Client assets (including proprietary information and intellectual property) or numerous other events including, but not limited to: disruption to our operations or those of any Clients, investments or critical third parties; litigation and regulatory enforcement; fines and penalties; increased preventative and protective costs; increased remediation and compliance costs; increased insurance premiums; reputational damage, including the loss of current and future investors; and the loss of liquidity. Any of the foregoing could materially impact our business prospects or financial

position, as well as a Client's ability to achieve its investment objectives and conduct its operations. There is no guarantee that any insurance policy would partially or fully cover such exposure.

Business Continuity Plans ("BCP")

In the event of unforeseen catastrophic events, such as natural disasters, terrorist attacks and epidemics, we would begin our BCP to safeguard the employee resources necessary to continue to meet investment and investor needs. The BCP is tested to ensure that appropriate measures are put in place to measure any such catastrophic events. Despite such measures, we cannot predict the level of disruption that such catastrophic events may have on our operations or the ability of the plan to succeed in a time of crisis, and such plans may still result in reduced collaboration and communication, which could severely impair our business and operations. If personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, we may be more vulnerable to cybersecurity risks and could have more difficulty resuming normal operations if we are the target of a cyber incident or attack. Similar types of operational risks are also present for the investments in which the Clients invest, which could have material adverse consequences for such companies and may cause the Clients' investments to lose value.

Climate Risks

Global climate change could have an adverse effect on property and security values. A rise in sea levels or a storm-driven increase in coastal flooding can cause such properties to lose value or become unmarketable altogether. Large wildfires driven by high winds and prolonged drought can devastate entire communities and could be very costly to any business found to be responsible for the fire. These losses could adversely affect real estate property values, mortgage and mezzanine lenders, the value of mortgage-backed securities, and insurers, among others. Since property and security values are driven largely by buyers' perceptions, it is difficult to know the time period over which these effects might unfold. Economists warn that, unlike other declines in the real estate market, it is possible that properties in coastal flood zones will never recover their value. In addition, voluntary initiatives and mandatory controls have been adopted or are being discussed worldwide to reduce emissions or "greenhouse gases" such as carbon dioxide, a by-product of burning fossil fuels, and methane, the major constituent of natural gas, which many scientists and policymakers believe contribute to global climate change. These measures, and other programs addressing greenhouse gas emissions, could reduce demand for energy or raise prices, and could have an adverse impact on our investments and Clients.

Acts of War or Terrorism and Related Geopolitical Risks

On February 24, 2022, Russian troops began a full-scale invasion of Ukraine and, as of the date hereof, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russian-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus. The ongoing conflict and the rapidly evolving measures in response could be expected to have a negative impact on the economy and business activity globally, and therefore could adversely affect the performance of our Clients and/or investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, could present material uncertainty and risk with respect to the Clients and the performance of its investments and

operations, and the ability of our Clients to achieve its investment objectives. Other similar conflicts pose the same potential risks and uncertainty with respect to the achievement of investment results.

Financial Institution Risk; Distress Events

An investment in a Client can be subject to the risk that one of the Client's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Client's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). In the event a Financial Institution experiences a Distress Event, we may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. In such cases, the Clients may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Clients. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (FDIC), in the case of banks, or the Securities Investor Protection Corporation (SIPC), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on our ability to manage our Clients and investments, which could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to result in a Client having to pay fees and expenses in the event the Client is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Client to acquire or dispose of investments at prices that the Adviser believes reflect the fair value of such investments. Although we expect to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. In addition, the Adviser or the Clients may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

Israel-Hamas War

On October 7, 2023, the Hamas militant group breached the fences separating Israel and Gaza and carried out a violent terrorist attack. The foregoing attack sparked an armed conflict, which is currently ongoing, between Hamas and other Palestinian militant groups and Israel, known as the 2023 Israel-Hamas war. Although a state of hostility has existed in varying degrees of intensity between various Arab countries and Israel, the current conflict between Israel and Hamas has escalated to a heightened level not seen in recent years and may escalate further. Additionally, while Israel has entered into peace agreements with both Egypt and Jordan, and several other Middle Eastern and North African countries have normalized relations with Israel, the 2023 Israel-Hamas war has created tremendous unrest and uncertainty in the region, which may threaten any such peace agreements. A further expansion of the hostilities between Israel and Palestine could have significant international ramifications. The 2023 Israel-Hamas war could potentially have a significant adverse impact and result in significant losses to

the Clients, including those described above in “*Acts of War or Terrorism and Related Geopolitical Risks.*” The ultimate impact of the Israel-Hamas war and its effect on global economic and commercial activity and conditions, and on the operations, financial condition, and performance of the Clients or any particular industry, business or investee country, and the duration and severity of those effects, is impossible to predict.

United Kingdom Exit from the European Union

The United Kingdom (“**U.K.**”) left the European Union (“**E.U.**”) on January 31, 2020 (commonly referred to as “**Brexit**”). During an 11-month transition period, the U.K. and the E.U. agreed to a Trade and Cooperation Agreement, which set out the agreement for certain parts of the future relationship between the E.U. and the U.K. From January 1, 2021, E.U. laws ceased to apply in the U.K. However, many E.U. laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced, or amended. Depending on the terms of any future agreement between the E.U. and the U.K. on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Clients and their investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the U.K., European, and global macroeconomic conditions, and could lead to prolonged political, legal, regulatory, tax, and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability, and cost of bank financing, regulation, values, or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the U.K. or the E.U., including companies or assets held or considered for prospective investment by the Clients. The volatility and uncertainty caused by the withdrawal may adversely affect the value of the Clients’ investments and the ability to achieve the investment objectives of the Clients.

The above is only a summary. For further discussion of the risks specific to CMTG, please see the Management Agreement, CMTG’s Annual Report on Form 10-K, and other SEC filings, which may be accessed through the website of the SEC (www.sec.gov) or CMTG (www.clarosmortgage.com).

9. Disciplinary Information

There are no items required to be reported in response to this Item.

10. Other Financial Industry Activities and Affiliations

Neither we nor any of our affiliates or management persons is currently registered as a broker-dealer, a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do any such persons have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

Affiliated Service Providers

Mack Real Estate Group, LLC (“**MREG**” or the “**Firm**”) provides certain asset management services (such as construction management and leasing) to real property assets. Mack Real Estate Development, LLC is the Firm’s affiliated development subsidiary, which provides development services (such as entitlement, planning, and building) to real property assets. Mack Property Management L.P. is the Firm’s affiliated property management subsidiary, which provides property management services to real property assets. Such aforementioned services (collectively, the “**Affiliate Services**”) are provided to such assets for a fee. To date, due to the nature of such services, CRM, the Clients (including CMTG), and the underlying assets have procured the Affiliate Services only in limited circumstances. Any such services and the manner for determining fees and expenses are disclosed in each Client’s Governing Documents, as applicable, or are subject to approval by CMTG’s Board or a relevant committee of the Board. Moreover, affiliated service providers and their personnel are entitled to certain benefits in connection with certain of the services described in this paragraph.

The Advisers are subject to conflicts of interest, or issues that present the appearance of conflicts, when Affiliate Services are provided for a fee to the Clients or their underlying assets. In addition, certain employees providing investment advisory and/or management services to the Clients on behalf of the Advisers will also be involved in the business and operations related to certain Affiliate Services, which could give rise to conflicts of interest, or the appearance of conflicts, in allocating costs and dedicating time and resources among Clients and/or their respective investments.

Outside Business Activities of Related Persons

Certain employees are permitted to serve on boards of directors, executive committees or advisory boards at various unaffiliated companies and organizations. Serving in such a capacity could expose the employee, and by association the Adviser and the Clients, to certain conflicts of interest, or the appearance of conflicts.

Affiliated Investment Advisers

CRM is affiliated with each of the other Advisers. We and our affiliated investment advisers operate as a single advisory business and, in addition to the Clients, serve as managers or general partners (as applicable) of private funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants, or persons occupying similar positions. All of the Advisers are under common control and subject to a single Code of Ethics and compliance programs adopted pursuant to the requirements of the Advisers Act. Please see **Item 11** for more information.

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

As SEC-registered investment advisers, we have adopted a Code of Ethics (“**Code**”). All of the Advisers are under common control and subject to a single Code and compliance program adopted pursuant to the requirements of the Advisers Act. The Code is a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations;
- Protection of material non-public information;
- Conflicts of interest;
- Employee disclosure and reporting of personal securities holdings and transactions;
- Our policy on IPOs and private placements;
- The reporting of violations of the Code;
- Educating employees about the Code; and
- Enforcement of the Code.

The Code is distributed to each of our associated persons at the time of hire and annually thereafter. Our supervised persons have signed a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective investors upon request to our CCO.

We or our related persons generally have a pecuniary interest in the Clients that we manage, either directly, through a side-by-side investment vehicle, or by virtue of participation in Performance Compensation. Consequently, we generally participate alongside our Clients in transactions effected on behalf of Clients. We do not believe that any such scenarios cause a conflict of interest between us and any Client, but rather function to better align the interests of our Clients and underlying investors with our own interests since our own capital (or the capital of our principals) is being invested alongside the capital of our Clients. Neither we nor any of our affiliates engages in principal transactions with Clients in the ordinary course. To the extent that a Client transaction would constitute a “principal transaction” due to our ownership interest or that of our related persons, we would effectuate such transaction in compliance with Section 206(3) of the Advisers Act as well as the Governing Documents of the relevant Clients, as applicable, and/or subject to approval by CMTG’s Board.

Each of our access persons must pre-clear any purchase, sale or other transactions in certain securities described in our Code (including real estate-related securities and securities offered through private placements and IPOs) when made through personal accounts in which such access person has a beneficial ownership interest. Our CCO or their designee would generally deny any requested pre-clearance if (i) the relevant securities (or the securities of a related issuer) are being considered for an investment by a Client, (ii) such securities are already held by a Client, (iii) the Advisers are in possession of material non-public information regarding the issuer, or (iv) the access person is seeking to make profits based on short-term swings (e.g., “day trading”). Our personal trading policy seeks to ensure that the best interests of our Clients are always served over those of our own or individual access persons and to promote compliance with federal securities laws.

Conflicts of Interest

The Advisers are part of a real estate investment management enterprise with multiple business, financial, and other interests that could conflict with those of a Client and its underlying investors. The following is a summary of some of the most significant conflicts of interest, or issues that present the appearance of conflicts of interest, associated with the Advisers, their Clients, and the investments that they manage.

This summary does not attempt to describe all such conflicts, nor does it provide a complete description of any of the individual conflicts referenced. Although no summary can fully describe all of the conflicts of interest, or issues that present the appearance of conflicts of interest, associated with an investment

in the Clients, investors can access CMTG's SEC filings available at www.sec.gov/edgar for a more complete description of the conflicts of interest associated with an investment in CMTG.

Advice to Certain Clients May Conflict With Other Clients

An Adviser, its affiliates, or any of their associated persons may give advice or take action for one Client (or account) that differs from, conflicts with, or is adverse to, advice given, or action taken on behalf of, another Client (or account). Similarly, situations can arise where an Adviser, its affiliates, or any of their associated persons gives advice or takes action for one Client (or account) that conflicts with, or is adverse to, advice given, or actions taken on behalf of, another Client (or account) due to contractual requirements relating to underlying investments. Moreover, if the strategies employed for the Clients conflict with one another, it could affect the availability, price, and performance of the assets in which such Clients invest.

Conflicts, or the appearance of a conflict, could also arise to the extent the Advisers and/or their affiliates or personnel hold an outsized economic position in any of the participating Clients. In such cases, the Advisers could be incentivized to manage such arrangements in a manner that would enhance the returns of such Clients, even to the detriment of other Clients.

Investments by the Advisers and their Personnel

Conflicts of interest, or the appearance of conflicts, can arise as a result of the relationships between the Advisers, the Clients, and their affiliates, including the personal accounts of our principals, officers, and employees. There may also be circumstances in which some the Advisers, principals, or employees hold interests in an investment that are structured differently, have different seniority, and/or have different terms than that made by a Client in the same investment, or one closely related thereto. Therefore, the interests of the Client and an Adviser (or our affiliates, and any principals or employees of an Adviser or its affiliates) may not always be aligned, which may give rise to conflicts of interest, or issues that present the appearance of conflicts, and the actions taken for the Client may be adverse to the Advisers (or such affiliates, principals and/or employees), or vice versa. Conflicts of interest, or the appearance of conflicts, may also arise due to the fact that we and/or our affiliates (and any principals or employees of an Adviser or its affiliates) may hold investments in some Clients that we manage but not in others or may have different levels of investments in such vehicles. We have adopted policies and procedures designed to mitigate such conflicts and we seek to ensure that appropriate disclosures, recusals and/or other requirements are made or adopted to address them as circumstances may warrant. In some cases, restrictions with respect to the other business activities and investments in which an Adviser, its affiliates and/or their respective associated persons may engage are set forth in the Client's Governing Documents, as applicable, and/or are subject to approval by CMTG's Board.

From time to time, related persons of the Advisers are also permitted to invest separately for their own account in a wide range of assets, including real estate assets (subject to the Advisers' Code of Ethics), some of which will involve conflicts of interest, or give rise to the appearance of a conflict. In addition, certain of our principals and employees invest in other private investment vehicles managed by other advisers. There can be no assurance that conflicts of interest arising out of such activities, if any, will be resolved in favor of the Clients. Investors will not receive any benefit from such investments, and the financial incentives of the Advisers or their related persons in such investments could be greater than their financial incentives in relation to a Client or the Clients.

Material Non-Public Information

From time to time, we may come into possession of material, non-public information, which could limit our ability to buy a security and may prevent a Client that already holds such security to be frozen for a time with respect to such security.

Diverse Interests of Underlying Investors

The underlying investors in the Clients that we manage have investment, tax, and other interests with respect to their investments that conflict with the interests of other investors, the Advisers, their affiliates, principals, or employees. These conflicting interests may relate to or arise from, among other things, the nature of the investments made by the Client, the structuring or the acquisition of investments, and the nature and timing of disposition of investments. As a consequence, conflicts of interest, or the appearance of conflicts, can arise in connection with decisions made by an Adviser, including with respect to the nature or structuring of investments, which may be more beneficial for one investor than for another, especially with respect to the tax situation of an investor or other person. In addition, a Client may make investments that have a positive or negative impact on related investments made by investors in separate transactions inside or outside the scope of their relationship with the Adviser. In selecting and structuring investments appropriate for a Client, each Adviser will consider the investment objectives of the Client and its investors as a whole, not the investment, tax or other objectives of any investor individually nor the tax or other objectives of the Advisers or their affiliates, principals, or employees.

Incentive Fees and Performance Allocations

An Adviser's potential receipt of an Incentive Fee can create an incentive to make riskier or more speculative investments on behalf of a Client than the Adviser might otherwise make in the absence of such Incentive Fee. In addition, for some Clients, in some circumstances, the determination of certain fees would rely upon valuations determined by the Advisers or an affiliate thereby creating a conflict of interest, or the appearance of a conflict, when valuing investments that are not readily marketable or are difficult to value. From time to time, the Advisers engage third parties, as deemed necessary or appropriate, to calculate the value of certain investments, but there can be no assurance such calculations will reflect values accurately.

Impairment of Assets

The valuation of partially realized or unrealized investments from time to time may be zero or close to zero. The Adviser has discretion in determining whether and when an investment has been permanently written down, whether in whole or in part, which can impact the calculation of Management Fees for certain Clients during certain periods. As a result, a conflict of interest, or the appearance of a conflict, can arise because the Adviser has an incentive to refrain from or delay permanently writing down investments in order to ensure the Management Fee base does not decrease, which would result in higher Management Fees ultimately paid to the Adviser. In general, the Adviser evaluates several criteria in determining whether to permanently write down an investment (in whole or in part), including, without limitation, the valuation of the aggregated amount of invested capital versus the aggregate cost of the investment, the length of time the investment has been marked down, impact of market conditions, the fair value of the underlying collateral versus a loan's cost basis, the fair value of a credit investment versus its cost basis, and the anticipated need for additional capital and/or recovery

path for the investment. The Adviser may change the criteria in its sole discretion from time to time and the Adviser has flexibility in determining the applicability and weight of these factors. The Adviser has ultimate discretion in determining whether an investment should be permanently written down and, as a result, is permitted to determine that even extremely distressed investments should not be permanently written down. There can be no assurance that an investment, in hindsight, should have been permanently written down or should have been permanently written down at an earlier date.

Related Party Services and Payments

As described in **Item 5** above, we and our affiliates perform (or may perform) additional services for which we or our affiliates receive fees and/or expense reimbursements from Clients (directly and/or through portfolio entities in which Clients invest). These additional services include asset management, legal, tax, accounting, marketing/leasing, financing, the servicing and special servicing of investments, and any other services, in each case that would otherwise be provided by an unaffiliated third party. Any such services and the manner for determining fees and expenses are disclosed in the Clients' Governing Documents, as applicable, or based upon discussion with, and approval by, CMTG's Board or the relevant committee of the Board. In other cases, we may be permitted to exercise discretion in determining applicable fees subject to a requirement that the terms and conditions of the additional services taken as a whole not be less favorable to the Client than those that could be obtained in a transaction with an unaffiliated person. In such cases, our determination of the fees applicable to additional services would be based on various factors, including but not limited to (i) time spent by our affiliated personnel providing such services and (ii) our knowledge of rates charged by similar service providers that we believe generally represent applicable (or similar) market rates for similar services. However, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential or bespoke nature of such services (e.g., different assets in different markets may require different services at different times and bear different fees as a result). Moreover, there can be no guarantee that a Client would independently retain a third-party service provider of similar quality and/or cost.

The opportunity to earn these fees or have expenses reimbursed creates a conflict of interest, or the appearance of a conflict, between us and/or our affiliates, on the one hand, and the relevant Clients and their investors, on the other hand, since we may have less of an incentive than we otherwise would to ensure that any such fees are charged at competitive rates, and since the payment of fees and expenses by our Clients increases our revenue (or the revenue of our commonly controlled affiliates). However, we believe that we and our affiliates provide a high level of service with detailed attention to the assets of our Clients that adds value and which we believe is a competitive advantage.

In certain circumstances where the Advisers commit or have committed to seek "market" or "arms-length" rates or terms, the Advisers will do so in their sole discretion, seeking rates that they have determined in their sole discretion to be reflective of the range of rates in the applicable or related markets. The Advisers reserve the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, the Advisers undertake no minimum amount of benchmarking, and to the extent that the Advisers engage in any such benchmarking (if at all), they do not represent that it ultimately will be accurate, comparable, or relate specifically to the assets, services, geographies, or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, the Advisers reserve the right to rely on approximations or estimates of time for purposes of allocating or charging for services. Any

methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not the Advisers have a relationship or receive financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. To the extent the Clients engage in a long-term or recurring contract with an Adviser-affiliated service provider, the Advisers may not seek to benchmark or otherwise renegotiate the original fee arrangement for a significant period of time.

Other Related Party Transactions or Arrangements

Certain of our principals, employees or affiliates may personally hold a financial interest in an entity that is later engaged by a Client or an underlying asset to perform certain services, including those listed above. Though we anticipate such engagement would be made on arm's-length terms, there may be a conflict of interest, or the appearance of a conflict, similar to those described above with respect to affiliated service providers.

Allocation of Investment Opportunities

Each Adviser provides investment advisory services to more than one Client. While each Client typically has a distinct investment strategy, some Clients have a degree of overlap in their respective strategies, and participation in a specific investment opportunity could be appropriate for more than one Client. It is our policy to allocate investment opportunities among Clients on a basis that we determine in good faith to be appropriate, taking into consideration factors including, but not limited to, the following:

- each Client's Governing Documents, as applicable, and the scope of a Client's investment mandate including whether mandates are identified as primary or secondary, and whether the mandate is limited or otherwise restricted to specific types of investments/assets;
- the relative amounts of capital available for investment (taking into account applicable commitments and reserves) and any restrictions on investment;
- the sourcing of the transaction;
- the size of the transaction;
- the amount of potential follow-on investing that may be required for such investment and other portfolio investments;
- the nature of the investment focus of each Client;
- portfolio balance and diversification;
- whether there are any established guidelines regarding rotation;
- avoiding allocations that could result in *de minimis* or odd lot investments;
- the involvement of respective teams of investment professionals; and
- any other factors deemed applicable in good faith.

If such circumstances arise, we will allocate the opportunity in accordance with the factors outlined above and in accordance with our allocation policies and procedures, which may not result in a *pari passu* allocation to all Clients. Accordingly, even Clients sharing similar strategies will not hold the same securities or instruments or achieve the same performance. Our allocation policies and procedures change from time to time without notice, without the consent of or notice to any Client, but subject to any Governing Documents in place with such Clients and consistent with the disclosures provided to investors therein. However, we will endeavor to treat the Clients in a fair and equitable manner, and at all times we are bound by the Governing Documents of our Clients and our fiduciary duties.

Reallocation of Investment Opportunities

The Advisers from time to time could consider an investment opportunity for one Client and then subsequently determine to have another Client make the investment. In making any such reallocation determination, the Advisers will consider a variety of factors, including those set forth above under *"Allocation of Investment Opportunities."* Conflicts of interest, or issues that present the appearance of conflicts of interest, can arise in connection with such a reallocation, including those set forth above under *"Allocation of Investment Opportunities."* Such conflicts can exist because the investing Client will benefit from the initial evaluation, investigation, and due diligence undertaken by the Advisers on behalf of the Client for which the investment was initially considered. In some cases, such reallocation may occur after a significant period of time has passed and the Client to which the investment was originally allocated has incurred substantial out-of-pocket expenses in connection with the evaluation, investigation, and diligence of such investment. The investing Client may not be required to reimburse the original Client (in whole or in part) for such expenses. In the event that the investing Client does reimburse the original Client for out-of-pocket expenses incurred in connection with the evaluation, investigation, or diligence such investment, the investing Client typically will not pay interest on such amounts reimbursed to the original Client. The Advisers experience conflicts of interest, or the appearance of conflicts, in connection with causing one Client to incur expenses that may ultimately benefit another Client. The Advisers similarly experience conflicts, or the appearance of conflicts, in determining the need for, calculating the amount of, and effecting any reimbursement, in connection with reallocation, as such arrangements may involve the discharge of a liability that one Client owes to another Client. In such cases, these determinations, calculations, and terms are not arm's length arrangements and there can be no assurance that the allocation of such expenses is in the Clients' best interest. There can also be no assurance that the amounts reimbursed to the original Client will be commensurate with the benefit received by the investing Client.

Allocation of Personnel

Our principals and employees allocate their business time and services among Clients, which can create conflicts of interest, or the appearance of conflicts. Such persons may work on other projects, including other Clients as well as other existing and potential business activities. The fact that fee levels may vary among Clients and their underlying investors can create an incentive to focus additional time or effort on Clients that pay relatively higher fee rates.

Service Providers

We and our Clients engage common service providers from time to time. In such circumstances, there may be a conflict of interest, or the appearance of a conflict, between us and the Clients in determining whether to engage such service providers, including the possibility that an Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Clients. In particular, we and our Clients will generally engage common legal counsel and other third-party advisers in a particular transaction, including transactions in which there are conflicts of interest, or issues that present the appearance of conflicts. In the event of a significant dispute or divergence of interests between a Client and an Adviser and/or its affiliates, the parties may engage separate counsel in our sole discretion. Moreover, in litigation and certain other circumstances, separate representation may be required.

In certain circumstances, service providers or their affiliates charge different rates or have different arrangements for services provided to the Advisers, or their affiliates (other than a Client) as compared to services provided to a Client (or in the case of our lending business, a borrower), which may result in more favorable rates or arrangements than those payable by a Client or a borrower.

Environmental, Social, and Governance (“ESG”) Regulation

Various policymakers, including in the U.S., U.K. and E.U., among other jurisdictions, have adopted, or are considering adopting, laws or regulations regarding the consideration of various ESG matters. Under certain such requirements, the Adviser could be required to classify itself, its Clients, or individual investments or potential investments against certain criteria (including but not limited to climate-related criteria such as carbon emissions and weather-related risks), which are open to subjective interpretation in certain circumstances. The Adviser’s view on the appropriate classification is expected to develop over time, including in response to statutory or regulatory guidance or changes in industry practices or approaches to classification. A change to the relevant classification would require further actions to be taken, such as requiring further disclosures or new processes to be set up to capture data about relevant investments, which can lead to additional costs. In addition, there is a risk that a classification of the Adviser, the Clients, or any of its individual investments or potential investments as considering or not considering certain ESG matters results in the Adviser, the Clients, or any such investment being targeted by certain policymakers or other stakeholders for activism or pushback. Policymakers have increased the level of scrutiny on ESG disclosures, and the Adviser could in the future be required to incur costs or expend substantial time and resources in responding to such policymakers’ inquiries. In addition, the evolving nature of ESG and sustainability-related regulations and practices means that there is likely to be a degree of divergence as to the regulatory and market meaning of such terms, as well as the divergent views on the degrees to which such matters contribute to long-term performance.

Other Benefits

From time to time, the Advisers, their affiliates and their personnel or related parties receive intangible and other benefits, discounts and prerequisites arising or resulting from their activities on behalf of a Client, the value of which will not offset or reduce Management Fees or otherwise be shared with a Client or the investors. For example, airline travel or hotel stays will result in “miles,” “points,” “rebates,” or similar credit in loyalty or status programs. Such benefits will, whether or not *de minimis* or difficult to value, inure exclusively to the benefit of the Advisers, affiliates, their personnel, or related parties receiving it, even though the cost of the underlying service may be borne by a Client. Similarly, the Advisers, affiliates, their personnel, and related parties also receive discounts on products and services provided by underlying assets and customers or suppliers of such underlying assets.

How We Address Conflicts of Interest

As a matter of general policy, all employees are required to identify and report any conflicts of interest, or issues that present the appearance of conflicts, in connection with the services we perform for Clients. Conflicts of interest generally are discussed and resolved on a case-by-case basis by members of senior management of the Advisers, taking into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. We address conflicts by disclosing conflicts of interest, or issues that present the appearance of conflicts (and the material facts relating to such conflicts), to our Clients and underlying investors, and disclosing to and seeking consent from CMTG’s Board of Directors or the relevant committee of the Board, as and to the extent necessary or appropriate.

While the Advisers seek to manage any conflicts in an appropriate manner, the resolution of any particular conflict may have consequences that are (or are considered to be) adverse to the interests of a Client.

In addition, we have designated a CCO to be responsible for the overall implementation and oversight of our compliance program. Our CCO has the authority to delegate certain supervisory responsibilities to other supervised persons within the Firm in order to ensure that our overall system of supervision is being carried out adequately and in a timely manner.

12. Brokerage Practices

To the limited extent that the Advisers transact in exchange-traded securities or acquire other instruments that require the use of a financial intermediary, such as a broker-dealer, each Adviser will select an intermediary that it believes is able to provide best execution for its clients. Unless otherwise specified in the Governing Documents, each Adviser is generally authorized to make the following determinations, subject to each client's investment objectives and restrictions, without obtaining prior consent from its underlying investors: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

In return for effecting securities transactions through certain broker-dealers, we or certain of our supervised persons may receive certain support services that may assist us in our investment decision-making process for many or all clients.

In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. However, we do not participate in any formal arrangements under which we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.

Neither we nor any of our affiliates engages in cross trades with clients in the ordinary course. To the extent a cross trade is executed, we would effectuate such transaction in compliance with Section 206(3) of the Advisers Act, the Governing Documents, as applicable, and in accordance with our policies and procedures.

In the course of carrying out trading and investing responsibilities for our Clients, "trade errors" may occur — *i.e.*, errors in executing specific trading instructions. Examples of trade errors include: (i) buying or selling an asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular asset (and *vice versa*). In accordance with our agreements with our Clients, we treat all trade errors (whether they result in gains or losses) as for the account of our Client, unless they are the result of conduct on our part that is inconsistent with the standard of care set forth in the Governing Documents of the relevant Client. Accordingly, we will generally not be obligated to reimburse Clients for the results of any trade errors.

13. Review of Accounts

CRM's Clients generally hold real estate debt investments. These positions are monitored by our investment team and members of senior management on an ongoing basis. Our investment

committees, which include members of senior management, oversee each Client's investments and meet as necessary to review general portfolio composition, investment opportunities, market conditions, recent activities, as well as conflicts of interest and issues that present the appearance of conflicts of interest. We also may periodically review on an expedited basis the assets of a Client following a unique occurrence in the financial industry or real estate market generally, or specifically concerning an individual asset. In addition, CMTG has a Board of Directors, including members of senior management as well as independent directors, which monitors investments and other activities.

14. Client Referrals and Other Compensation

With respect to the Clients for which CRM serves as an investment adviser, neither we nor any related person directly or indirectly currently compensates any person who is not a supervised person for client referrals.

15. Custody

All securities investments of our Clients (including CMTG) are held in custody by unaffiliated qualified custodians such as broker/dealers or banks (other than certain non-transferable securities that are not required to be held in custody by a bank or custodian).

16. Investment Discretion

Generally, we have the discretion to determine, without obtaining the consent of a Client or its underlying investors, the particular investments to be bought and sold by such Client and the manner in which existing investments are managed, subject to certain agreed upon investment objectives, guidelines and limitations regarding concentration and diversification, geography and type of permitted investments. For CMTG, our investment decisions are subject to oversight by CMTG's Board of Directors, which authority it delegates to the Adviser and/or its affiliates and personnel from time to time.

17. Voting Client Securities

The Advisers primarily invest on behalf of the Clients solely in real estate and real estate-related assets that typically do not require proxy voting. However, to the extent that our clients do acquire securities that require proxy voting, we would typically have the authority and responsibility for voting and providing/withholding consents with respect to such securities. In taking action in connection with a proxy solicitation, we are guided by general fiduciary principles and we vote or provide/withhold consent in the manner we believe is consistent with efforts to achieve a client's stated investment objectives. We retain the discretion to take no action with respect to a proposed vote or consent if we determine that doing so is in the best interests of a client (for example, where an Adviser determines that the cost of voting exceeds the expected benefit to the client). This policy also applies to any consents requested in matters such as bankruptcy or insolvency, covenant waivers in connection with debt, approvals regarding the restructuring of debt and other rights and remedies with respect to securities.

We recognize that conflicts of interest, or issues that present the appearance of conflicts, can arise when exercising voting or consent authority. A conflict of interest, or the appearance of a conflict, may exist when a client's best interests are contrary to our best interests due to some relationship between us and/or one of our associated persons and the party that is soliciting the consent.

It is our policy to act in the best interests of our clients regardless of the existence of any conflict of interest. If we determine that a conflict exists, or may be perceived to exist, when exercising voting or consent authority, we will address such matters on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. If it is determined that any such conflict is not material, we may vote notwithstanding the existence of the conflict. If it is determined, however, that such a conflict of interest is material, we will generally seek to mitigate the conflict by either appointing an independent third party to act, or by disclosing the conflict to the affected client and giving the client the opportunity to act directly. Under certain circumstances, we may refrain from exercising our voting or consent authority.

Existing and prospective investors in a Client can request information from us about how we exercise proxy voting authority with respect to securities held by such Client. We will provide a copy of our proxy voting policy to any existing or prospective investor upon request.

18. Financial Information

We (i) do not require or solicit prepayment of fees six months or more in advance, (ii) are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients and (iii) have not been the subject of a bankruptcy proceeding at any time during the past ten years.