

Part 2A of Form ADV: Firm Brochure

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF TREMONT REALTY ADVISORS LLC (THE “FIRM”). IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT THE FIRM AT 617-332-9530, OR IN WRITING AT 255 WASHINGTON STREET, SUITE 300, NEWTON, MASSACHUSETTS 02458. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT THE FIRM MAY ALSO BE AVAILABLE ON THE SEC’S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

WE MAY REFER TO OURSELVES AS A “REGISTERED INVESTMENT ADVISER.” YOU SHOULD BE AWARE THAT REGISTRATION WITH THE SEC OR A STATE SECURITIES AUTHORITY DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING. THE REGISTRATION DOES NOT IMPLY A RECOMMENDATION BY THE SEC OR ANY STATE SECURITIES AUTHORITY.

THIS COVER PAGE CONSTITUTES ITEM 1 TO THE FIRM’S BROCHURE, FORM ADV, PART 2A.

ITEM 2: MATERIAL CHANGES.

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, the Firm will notify clients of material changes on an annual basis. However, where we determine that an interim notification is important or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

There have been no changes that may be deemed material since the firm's previous brochure dated December 13, 2018.

ITEM 3: TABLE OF CONTENTS.

Item 2:	Material Changes	2
Item 3:	Table of Contents	3
Item 4:	Advisory Business	4
Item 5:	Fees and Compensation	4
Item 6:	Performance-Based Fees and Side-by-Side Management	5
Item 7:	Types of Clients	6
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9:	Disciplinary Information	7
Item 10:	Other Financial Industry Activities and Affiliations	7
Item 11:	Code of Ethics, Participation of Interest in Client Transactions and Personal Trading	9
Item 12:	Brokerage Practices	10
Item 13:	Review of Accounts	10
Item 14:	Client Referrals and Other Compensation	10
Item 15:	Custody	11
Item 16:	Investment Discretion	11
Item 17:	Voting Client Securities	11
Item 18:	Financial Information	12
Item 19:	Requirements for State-Registered Advisers	12

ITEM 4: ADVISORY BUSINESS.

Tremont Realty Advisors LLC (the “Firm”) is a registered investment adviser, formed on March 29, 2016. The Firm advises publicly traded mortgage real estate investment trusts (“REITs”), private funds (“Funds”) and separately managed accounts (“Accounts”, and together with REITs and Funds, “Clients”) that invest in commercial real estate debt, including secured mortgage debt and mezzanine financing opportunities. The Firm may also provide advice with respect to real estate that may become owned by Clients as a result of their ownership of such commercial real estate debt.

The Firm’s advice is generally limited to the types of investments discussed above. The investment guidelines for each Client will be defined in such Client’s organizational documents or management agreement with the Firm and will be tailored to the specific goals, objectives and operating guidelines of such Client.

The Firm is headquartered in Newton, Massachusetts and is a wholly owned subsidiary of The RMR Group LLC (“RMR LLC”), an alternative asset management company. RMR LLC is a majority owned subsidiary of The RMR Group Inc., a public holding company that conducts substantially all of its business through RMR LLC. Mr. Adam Portnoy controls The RMR Group Inc. through his voting ownership, and position as sole trustee, of the controlling shareholder of The RMR Group Inc.

As of September 30, 2019, the Firm managed \$219,477,222 of Client assets on a discretionary basis.

ITEM 5: FEES AND COMPENSATION.*Management and Performance Fees*

Compensation earned by the Firm for the provision of investment advisory services to Clients will generally be comprised of management fees based on (i) a percentage of capital committed, contributed or invested for Funds during the investment period (ii) assets under management for Accounts or (iii) equity of a REIT, and may also be comprised of performance based fees or allocations. The Firm does not have a fee schedule and fees are individually negotiated, which could include, for example, renegotiations or full or partial waivers of Clients' existing fees. The duration and extent of any such renegotiated or waived fees would be expected to vary based on a Client's individual circumstances. The Firm expects that all of its Clients will be “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act. Fees and compensation for each Client will be described in the organizational and operating agreements for such Fund or in the investment management agreement related to an Account or REIT.

Management fees are generally assessed monthly or quarterly in arrears and are either billed to Clients or deducted from Client assets depending on the specific terms of the Firm’s agreement with such Client. With respect to REITs, the Firm, in addition to the management fee, will be paid or reimbursed for certain costs in consideration of business management services the Firm provides, including, among others as agreed with the REIT, providing executive and

administrative personnel, office space and office services, regulatory, tax and legal compliance services, investor relations services, administering the REIT's day to day operations and liaising with the REIT's board of directors/trustees on a variety of operational and compliance matters.

Other Fees and Expenses

Clients will bear administrative, operating and other expenses to the extent set forth in their respective agreements with the Firm.

The Firm or its affiliates expect to act as transaction originators for Clients for some or all of such Clients' transactions. In this capacity, in connection with the closing of a transaction for a Fund or Account, but not a REIT, the Firm or its affiliates may be paid commission fees by borrowers or other parties unrelated to such Funds or Accounts, or the Firm, and on occasion by such Funds or Accounts, but in all cases only where the payment is fully disclosed and permitted under the applicable documentation governing such Fund or Account. This presents a conflict of interest and provides the Firm with an incentive to recommend transactions based on the compensation received by it or its affiliates, rather than on these Clients' needs. The Firm intends to address this conflict through review of all proposed compensation in connection with transactions for these Clients and full disclosure of such payments in advance of the execution of any such transactions for these Clients. The receipt of such payments are not expected to reduce the Firm's management or performance fees. Due to the nature of the investments the Firm typically recommends, it is unlikely that these Clients will be able to participate in the same or a comparable transaction without the origination efforts of (and consequent possibility of compensation to) the Firm or its affiliates where the Firm or its affiliates is originating a transaction for Funds or Accounts. No such commission fees are paid to the Firm in respect of investments made by REITs.

Please also refer to Item 10 regarding these transaction origination arrangements.

ITEM 6: PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT.

It is expected that some of the investment advisory fees that the Firm may earn will be incentive performance fees or allocations (that is, a fee or allocation based on a share of capital gains on or capital appreciation of client assets). For Clients that are REITs, incentive fees may be partially, primarily or wholly based on metrics involving net income rather than capital gain or appreciation. These fees or arrangements are described in the offering documents for such REITs and in the Firm's relevant negotiated agreements with such REITs.

It is expected that all Clients will be charged an incentive performance fee or allocation which, as described above, may be partially, primarily or wholly based on metrics involving net income rather than capital gain or appreciation in the case of Clients that are REITs; however, the amount of such fee is likely to vary among Clients, which creates an incentive for the Firm to allocate more attractive investment opportunities to Clients with higher fees. This risk may be mitigated to the extent any applicable Clients have different investment objectives and guidelines such that they would generally not be expected to compete with one another for the same

investments. Additionally, the Firm will monitor Clients' accounts for compliance with their respective investment guidelines and follow certain allocation policies. Under the allocation policies, if a particular investment is appropriate for two or more applicable Clients, the Firm will allocate the investment in a manner determined in good faith to be fair and equitable. The allocation will depend on the determination of all relevant factors, such as the Clients' respective investment objectives, desired allocations and cash availability, including certain arrangements where the Firm is only providing investment advice with respect to specific investments.

Incentive performance fees or allocations create a risk that the Firm will cause a Client to make investments that are more speculative than it would if the Client did not pay incentive performance fees or allocations.

ITEM 7: TYPES OF CLIENTS.

The Firm's clients include or may include real estate investment trusts, pension plans, institutional investors, high net worth individuals as well as other entities and financial institutions.

The Firm has not currently established a minimum investment amount for clients.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.

The investment criteria that the Firm uses for investing in or disposing of an individual real estate related asset is governed by the specific investment strategy adopted for each Client. For some Funds, one or more investors may retain some decision authority. For Accounts, investors may retain discretionary authority over each investment or certain types of investments. The Firm will generally have discretionary authority to invest REIT assets. The Firm's analysis of any particular investment will include a comprehensive review of the investment, negotiation of the terms of the transaction, due diligence regarding the investment, and underwriting of the terms of the investment.

An investment in a REIT or Fund or the establishment of an Account will involve risk, including the risk that an investor may lose money. Investing in securities, including commercial real estate debt, mortgages and mezzanine financings, involves risk of loss that clients should be prepared to bear.

Investments in commercial real estate debt, mortgages and mezzanine financings generally expose clients to the risks of owning real estate and the risks of leveraged investing.

General Risks of Owning Real Estate-Related Investments

Risks associated with real estate related investments, such as commercial real estate debt, mortgages and mezzanine financings, and the potential ownership of real estate as a result of

owning such investments, may result from downturns in the U.S. or global economy, local conditions, possible adverse changes in zoning laws, limitations on rents, the quality and philosophy of property managers and leasing agents, competition based on rental rates, attractiveness and location of the properties, environmental liability, the financial condition of tenants, availability of buyers and sellers of properties, quality of maintenance, the risk of casualty or condemnation losses and terrorist attacks, war or other acts that destroy real property, changes in operating costs, government regulations, interest rate levels, tax rates, and availability of financing. Investments in commercial real estate debt, mortgages and mezzanine financings may also be affected with risks arising from the use of real estate; for example, environmental cleanup risks for properties used to store hazardous materials or compliance costs arising from American with Disabilities Act for real estate which is open to public access.

Risks of Leveraged Investing

Leverage strategies are generally designed to enhance returns to investors but also increase the risk associated with the investment. Use of borrowed funds to leverage investments involves a significant degree of financial risk and can rapidly multiply the effect of any increase or decrease in the value of any investment. For example, a leverage strategy may increase the exposure of the leveraged investments to adverse economic factors, such as interest rate fluctuations, economic downturns and other circumstances that could cause deterioration in the value of the investments.

ITEM 9: DISCIPLINARY INFORMATION.

The Firm has no information to disclose applicable to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.

Certain conflicts of interests related to fees and other compensation to the Firm or its affiliates are described above under Item 5 and Item 6.

As described in additional detail under Item 5, the Firm or its affiliates expect to act as loan originator for some or all of the transactions presented to Clients. If such transactions are approved for investment, the Firm or its affiliates may, in the circumstances described under Item 5, receive an origination fee in connection with the closing of the transaction for a Fund or Account, but not for a REIT. Additionally, in some cases the Firm or its affiliates may represent an owner of an asset. In such cases, Clients would be competing for a particular transaction with other funds, accounts or investors that are not advised by the Firm, and the Firm or its affiliates may be paid a commission by such other funds, accounts or investors or other third parties as a result of any such transaction. A conflict exists where the Firm or its affiliates have an economic incentive to place the transaction with a fund, account, investor or third party not advised by the Firm. The Firm and its affiliates will manage these conflicts by actively monitoring involved employees to ensure that the presentation of the transaction to all parties to which a transaction is presented is presented in accordance with the Firm's policies and is on a fair and reasonable basis without regard to fees and commissions to be received by the Firm or any of its affiliates.

Also, in most circumstances, the Firm expects the ultimate decision as to whether to move forward with the transaction is made by the owner of the asset being considered for investment.

While the Firm or its affiliates expects to act as loan originator for certain transactions presented to Clients, the Firm also sources investment opportunities for its Clients from third party originators and makes recommendations to, or discretionary investment decisions for, Clients based on its evaluation of what investment opportunities are in a particular Client's best interests.

The Firm or an affiliate of the Firm serves, and may in the future serve, as general partner, managing member or external business manager of a Client and has, and may in the future further have, limited partnership or other economic interests in a Client. In particular, as of the date of this brochure, the Firm has an approximately 19% ownership interest in Tremont Mortgage Trust, a Client that is a REIT, and an affiliate of the Firm serves as general partner and has a small limited partnership interest in a Client that is a Fund. These arrangements create conflicts of interest, particularly because personnel of the Firm, its affiliates and their managed entities serve as trustees, directors or officers of Funds or REITs, and engage in other activities or lines of business similar to those in which such Funds or REITs engage. The Firm or its affiliates provide or may provide management or investment advisory services to other clients, including clients or accounts in which the Firm, its affiliates or their personnel have a controlling, substantial or sole economic interest; therefore conflicts of interest exist with regard to the allocation of investment opportunities and for the time and attention of the Firm's personnel. The Firm and its affiliates seek to resolve such conflicts in good faith and in their fair and reasonable discretion. In the case of such a conflict, the Firm and its affiliates will endeavor to allocate such investment opportunities in a fair and equitable manner, taking into account such factors as they deem appropriate. Such factors may include, without limitation, some or all of the following factors with respect to each relevant entity:

- investment objectives, strategy and criteria;
- cash requirements;
- effect of the investment on the diversification of the real estate portfolio, including by geography, size of investment, type of investment and risk of investment;
- leverage policy and the availability of financing for the investment by each entity;
- anticipated cash flow of the asset to be acquired;
- income tax effects of the investment;
- the size of the investment;
- the amount of funding available;
- cost of capital;
- risk return profiles;

- targeted distribution rates;
- anticipated future opportunities for suitable investments; and
- the expected holding period of the investment.

The Firm has broad discretion in making these determinations, and is not required to take any of these factors into account or to assign greater, lesser or equal importance to any of these factors. The Firm is also not limited in the factors that it may consider in making these determinations to those set forth above, and may take into account such other matters as it may, in its discretion, consider appropriate from time to time.

Additionally, current and future business activities by and investments of the Firm, its affiliates, and entities to which they provide management or investment advisory services or their affiliates create conflicts of interest. For example, the Firm may determine to offer a Client and one or more other entities also managed by it or its affiliates opportunities to co-invest in commercial real estate loans. Similarly, an affiliate of the Firm manages equity real estate investment trusts and real estate related operating businesses that have in the past assumed or placed mortgage financing on some of the real estate they own and may consider doing so in the future, and a Client may be offered opportunities to provide commercial real estate loan financing to entities the Firm or its affiliates manage. These activities would give rise to conflicts of interest. Whenever a co-investment opportunity or other potential transaction between a Client and any other entity to which the Firm or its affiliates provides management or investment advisory services arises, such investment or transaction will not be made unless it is approved by the Client in the manner contemplated by its governing documents or account agreements.

ITEM 11: CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.

The Firm will follow a Code of Ethics and a Code of Business Conduct and Ethics (collectively, the “Code”) that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (“Advisers Act”). A copy of the Code is available to current and prospective investors upon request.

The Code establishes rules of conduct for all employees of the Firm which rules are intended to, among other things, govern personal securities trading activities. The Code includes safeguards designed to avoid conflicts of interests that could adversely affect the Firm’s Clients. In addition to requiring compliance with the applicable securities laws, the Code establishes policies and procedures designed to prevent the misuse of material, non-public information (including information regarding the Funds and investors in the Funds), and identifies activities that are either expressly prohibited or that require Chief Compliance Officer approval. The Code is based upon the principle that the Firm and its employees owe a duty to the Firm’s Clients to conduct Client affairs, including personal securities transactions, in such a manner as to avoid serving employees’ own personal interests ahead of those of the Clients, taking inappropriate advantage

of employees' positions with the Firm, and any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

Additional conflicts of interest present in connection with the Firm's management of Client accounts, and how the Firm addresses those conflicts, are described under Item 5, Item 6 and Item 10. The Firm or an affiliate of the Firm serves, and may in the future also serve as general partner, managing member or external business manager of a Client and further has, and may in the future further have, limited partnership or other economic interests in a Client. The Firm or an affiliate of the Firm also seeks to invest for its own account in the same types of securities recommended to Clients.

ITEM 12: BROKERAGE PRACTICES.

The Firm does not typically purchase publicly traded securities except for short term investments as part of its temporary cash management activities. As a result, the Firm does not expect to contract with securities broker-dealers except in connection with short-term investments, including temporary short-term investments of cash received from funding pending investment, cash flow from operations or the sale or refinancing of assets pending further investment or distribution. The Firm has not and does not expect to enter into any soft dollar arrangements.

ITEM 13: REVIEW OF ACCOUNTS.

The Firm's asset management teams monitor the performance and investments of Clients on a regular and current basis.

Clients generally receive some or all of the following written reports:

- Quarterly financial statements;
- Annual audited financial statements (for Fund and REIT clients);
- Tax returns or information appropriate to assist Clients in preparing their own tax returns; and/or
- Such other or different information as may be specified in Client documents or Firm agreements with Clients.

Additionally, all Clients are provided from time to time with any information or reports that are reasonably requested as well as updates on the operations of the Firm.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION.

The Firm may retain the services of one or more third parties, consultants, placement agents or investment bankers, including agents or investment bankers that may be affiliates of the Firm (collectively, “Solicitors”), to market its Funds, raise capital for its Funds or solicit advisory clients from time to time. Generally, Solicitors will be paid a success or referral fee amounting to a percentage of capital placed with a Fund or in an advisory account as a result of the Solicitor’s efforts. Some Solicitors may be paid a monthly retainer that may be offset by a success or referral fee. Unless the client documents expressly provide otherwise, such fees will be paid by the Firm and not by the Client. In no case will such payments be made if in violation of any state or federal law, rule or regulation, including without limitation Rule 206(4)-3 under the Advisers Act or similar state rules regarding solicitation and/or state rules requiring registration of investment adviser representatives.

ITEM 15: CUSTODY.

The Firm may be deemed to have “custody” within the meaning of Rule 206(4)-2 under the Advisers Act as a result of activities or arrangements related to the operations of the real estate or real estate related debt under the Firm’s management or certain promissory notes related to debt investments in underlying real estate assets or because the Firm or an affiliate is the general partner or managing member of a Client. The Firm may further have discretionary authority to establish bank accounts on behalf of certain Clients in which to deposit funds received on behalf of Clients as a result of investments made by the Firm for Clients. Clients are expected to receive account statements directly from any qualified custodian bank or institution holding Client funds. In addition, Fund and REIT investors are expected to receive annual audited financial statements from third party auditors. Fund investors will also receive other financial reports for certain Funds that comply with the requirements of the respective Fund documents. Investors should carefully review such reports, account statements and annual financial statements and compare them to any statements or reports received from the Firm.

ITEM 16: INVESTMENT DISCRETION.

The terms of the investment management agreements that the Firm and its Clients may enter into in some cases may grant the Firm full discretion to make investments on behalf of Clients subject to investment guidelines or conflicts procedures that may be established by the clients and incorporated in the agreement. In other cases, the Firm will not have full discretion to make investments on behalf of a Client but will instead make recommendations to such Client who then must approve each new investment prior to the Firm taking action. The documentation relating to each Client account will describe in each case the extent to which the Firm has discretion over investment decisions.

ITEM 17: VOTING CLIENT SECURITIES.

The Firm does not currently intend to invest in securities on behalf of its Clients that carry voting rights. If the Firm becomes entitled to vote or consent on any matter with respect to Client securities, it intends to seek instructions from the applicable Client.

ITEM 18: FINANCIAL INFORMATION.

The Firm has no financial commitment(s) that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS.

The Firm has registered with the SEC and is not required to be registered at the state level.