

Metropolitan Real Estate Equity Management, LLC

Part 2A of Form ADV: Firm Brochure
March 31, 2014

This brochure provides information about the qualifications and business practices of Metropolitan Real Estate Equity Management, LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (212) 812-4923 or legal@mreem.com. This information has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.gov.

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

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Item 2. Material Changes

This brochure is intended to provide potential and existing clients with an overview of the Adviser. It also contains important disclosures such as certain practices of the Adviser, potential material conflicts that may arise and key potential investment risks.

The following is a discussion of the material changes to the Adviser's brochure since the last annual update filed on March 31, 2013:

The Carlyle Group L.P.

The Carlyle Group L.P., an affiliate of Alpinvest (the "Public Company"), is a publicly traded limited partnership, whose common units representing limited partnership interests in the Public Company are traded on the NASDAQ stock exchange under ticker "CG." In March 2014, the Public Company issued and sold an aggregate of 13.8 million common units. At the conclusion of such offering, public investors owned approximately 20% of the equity of the Public Company.

In 2013, a finance subsidiary of the Public Company issued \$500 million aggregate principal amount of 3.875% senior notes due 2023, and another finance subsidiary of the Public Company issued \$400 million aggregate principal amount of 5.625% senior notes due 2043. In March 2014, the Public Company issued an additional \$200 million aggregate principal amount of 5.625% Senior Notes due 2043 under the existing indenture.

On November 1, 2013, controlled affiliates of the Public Company acquired 100% of the equity interest in the Adviser.

TABLE OF CONTENTS

Item 2. Material Changes	ii
Item 4. Advisory Business.....	1
Item 5. Fees and Compensation	3
Item 6. Performance-Based Fees and Side-by-Side Management	6
Item 7. Types of Clients	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9. Disciplinary Information.....	16
Item 10. Other Financial Industry Activities and Affiliations	17
Item 11. Code of Ethics, Participation or Interest in.....	19
Item 12. Brokerage Practices.....	25
Item 13. Review of Accounts	26
Item 14. Client Referrals and Other Compensation	27
Item 15. Custody	28
Item 16. Investment Discretion	29
Item 17. Voting Client Securities	30
Item 18. Financial Information.....	31

Business Background

Metropolitan Real Estate Equity Management, LLC, a Delaware limited liability company (the “Adviser”), is registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Adviser is based in New York City and operates globally out of offices in San Francisco, Boston, London, and Hong Kong. The Adviser commenced operations as an investment adviser in July 2002 and has been registered with the SEC since January 2006. In November 2013, The Carlyle Group (“Carlyle”) acquired 100% of the equity interests of the Adviser.

The Adviser is the real estate manager-of-managers in Carlyle’s Solutions business segment (“Solutions” or “CSG”). The Solutions business offers customized managed account solutions to a broad range of sophisticated investors providing access to proprietary Carlyle-sponsored funds and other third-party private investment funds across multiple strategies, including private equity, real estate, hedge funds, infrastructure, energy, mezzanine debt, distressed debt and commodities. CSG works collaboratively with investors to construct portfolios tailored to meet specific investment objectives, return/risk requirements, liquidity expectations and liability profiles. The Solutions business primarily operates through the Adviser, AlpiInvest Partners B.V. (“AlpiInvest”) and Diversified Global Asset Management Corporation (“DGAM”), as well as certain Carlyle personnel. CSG is headed by Jacques Chappuis, a Carlyle Managing Director. Apart from its relationship with Solutions, the Adviser generally has an existence independent of Carlyle and primarily carries out its investment operations independently of Carlyle and its affiliated entities. Carlyle maintains a one-way information barrier between Solutions (which includes the Adviser), on the one hand, and the other business segments of Carlyle, on the other hand. The Solutions information barrier restricts the flow of non-public, commercially sensitive Solutions information from CSG to the other Carlyle business segments, other than for certain regulatory, reporting and similar purposes.

The Adviser provides investment advisory services on a discretionary basis to its advisory clients, each of which is a pooled investment vehicle (each, a “Fund” and collectively, the “Funds”) whose investors are comprised primarily of sophisticated institutional investors, such as government entities, pension funds, insurance companies and large endowments, as well as high net worth individuals and large family offices. The investment objective of each Fund is principally focused on value-add and opportunistic private real estate investments in underlying funds or other investment vehicles or structures selected by the Adviser that were formed generally for the purpose of investing directly or indirectly in office, apartment, industrial or other commercial real estate, in real estate-related securities (including debt or mezzanine participations) or in sponsors or managers of real estate investment funds (collectively, the “Underlying Funds”). The investors and other persons who invest in Funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, any references to “clients” or “advisory clients” does not include such “investors.”

The Adviser provides advice based on the specific investment objectives and strategies of each Fund. The Adviser may tailor advisory services to the individual needs of each Fund. For instance, the Adviser may provide advisory services to Funds with different investment mandates. As such, the investment guidelines set forth by each Fund may vary with respect to property type, geographic market, manager and strategy (e.g., distressed debt, international investments, etc.).

All final investment decisions are made by the Adviser’s Investment Committee, which currently consists solely of Managing Directors of the Adviser.

As of December 31, 2013, the Adviser had approximately \$2.67 billion in capital commitments under management and approximately \$2.08 billion in assets under management, all of which are managed on a discretionary basis.

The Carlyle Group

Carlyle, founded in 1987, has evolved into one of the largest and most diversified multi-product global alternative asset management firms in the world. Carlyle operates its business, through Carlyle Investment Management, L.L.C., a separately registered investment adviser (“CIM”), and several other Carlyle-affiliated investment advisers (including the Adviser), across four segments: (i) Corporate Private Equity, (ii) Real Assets, (iii) Global Market Strategies, and (iv) Solutions, which includes the Adviser, AlInvest and DGAM.

Although Carlyle maintains ultimate control over the Adviser, pursuant to an information barrier adopted by Carlyle and the Adviser (as well as AlInvest and DGAM), the Adviser’s management team continues to exercise independent investment authority without involvement by Carlyle (although Carlyle professionals who are members of CSG may observe the Adviser’s investment operations). Additionally, apart from its relationship to the Solutions business segment, the Adviser generally has an existence independent of AlInvest and DGAM, and the Adviser primarily carries out its investment operations independently of AlInvest and DGAM and their respective affiliated entities

In addition, the Public Company is a publicly traded partnership traded on the NASDAQ stock exchange as ticker CG and is part of Carlyle. The Public Company indirectly owns 100% of the equity interests of the Adviser. Carlyle Group Management L.L.C. is the general partner of the Public Company and may be deemed to indirectly control the Public Company’s business for regulatory purposes. Carlyle Group Management L.L.C. is managed by a board of directors which is appointed by Carlyle’s founders – William E. Conway, Jr., Daniel A. D’Aniello, and David M. Rubenstein – and certain other senior Carlyle professionals. Additional information is also available in current public filings with the SEC for The Carlyle Group L.P. (see www.carlyle.com, go to the “Financial Information” portion of the “Public Investors” page).

For purposes of this brochure, unless otherwise indicated, references to the “Adviser” (or its related entities) do not include references to Carlyle or any of its other affiliated entities, including CIM, AlInvest and DGAM. The term “investor” is not intended to refer to any unitholders of the Public Company.

The Adviser and other Carlyle-affiliated advisers (e.g., CIM, AlInvest and DGAM) may act as an investment adviser to certain advisory clients within CSG. Advisory services may include making recommendations to such advisory clients regarding overall investment strategy across the alternatives asset class or allocation, including recommended allocations of capital to certain investment vehicles sponsored by the Adviser, Carlyle, AlInvest and/or DGAM.

Item 5. Fees and Compensation

The Adviser and/or its affiliates generally receive management fees and/or performance-based compensation (e.g., carried interest or similar profit allocations) from the Funds. The specific legal and/or organizational documents of the Funds (which may include limited partnership or other constitutional agreements, subscription agreements and side letters) or the investment advisory agreement between the Adviser and such Fund set forth the fee structure relevant to such Fund. The Funds may also bear certain out-of-pocket expenses incurred by the Adviser and its affiliates in connection with the services provided to such Funds. Fees and other compensation, as well as other out-of-pocket costs and expenses of the Funds are ultimately borne by the investors such Funds.

Some Funds are established specifically for the purposes of investing in one or more other Funds that are also advised by the Adviser (each, an “Underlying MREEM Fund”). In such cases, the investing Fund (and therefore the investors in such Fund) will bear its pro rata share of the fees and expenses (including management fees and other performance-based compensation) paid by the Underlying MREEM Funds.

The following sections discuss the most common fees and expenses in more detail.

Common Types of Fees

Each Fund pays the Adviser an asset management fee (the “Management Fee”) semi-annually in advance. The Management Fee is generally calculated at the annual rate of 1% of capital commitments until the end of the investment periods of all of the Underlying; thereafter, the basis for the Management Fee switches to active equity. When a new limited partner is admitted to a Fund following the date on which the Fund first admitted limited partners, the new limited partner will be charged a Management Fee retroactive to the initial closing date. Additionally, Management Fees are generally required to be returned to a Fund should the Adviser’s management services to such Fund be terminated prior to the end of the period in respect of which the fees have been paid. In general, the amount of such fees to be returned is calculated based on the number of days remaining in the applicable period.

In addition, the general partner of each Fund (each a related person of the Adviser) is generally entitled to receive carried interest or similar profit allocations (“Carried Interest”) from the related Fund. Carried Interest is a performance-based profit allocation based on a share of the income and gains of the assets in each Fund. The Carried Interest typically ranges between 3% and 5% of distributions after the partners have received a return of their contributed capital plus a preferred return of 9%.

With respect to each of the two Funds focused on distressed real estate-related opportunities primarily in the United States (each, a “Distressed Strategy Fund”), the Adviser receives a Management Fee calculated at the annual rate of 0.5% of capital commitments until the end of the investment period of the Underlying Funds; thereafter, the basis for the Management Fee switches to active equity. In addition, the general partner of each Distressed Strategy Fund (a related person of the Adviser) is entitled to Carried Interest equal to 10% of a Distressed Strategy Fund’s distributions after the partners have received a return of their contributed capital plus a preferred return of 10%.

Carried Interest is subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder. Therefore, the Adviser seeks to ensure that any Fund or investors in any Fund that are directly or indirectly assessed such performance-based allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such performance-based allocations arrangements and their risks.

Typically, each investor in a Fund with a capital commitment of less than \$5,000,000 may be required to pay an administration fee (the “Administration Fee”) to the Adviser. The Administration Fee is payable semi-annually in advance and is calculated at the annual rate of 0.35% of capital commitments until the end of the investment period of the Underlying Funds; thereafter, the basis for the Administration Fee switches to active equity. The Adviser and its affiliates may waive or reduce the Administration Fee with

respect to investors that are employees or affiliates of the Adviser, relatives of such persons, and for certain strategic investors.

Management Fees and Carried Interest arrangements are subject to modification, waiver or reduction in connection with an investment in one or more Funds. Furthermore, the Adviser, its affiliates and equity owners (including Carlyle), and certain of their respective professionals may invest in or alongside a Fund. Management Fees and Carried Interest on such investments may be substantially reduced or, as is more typical, waived altogether for these investors.

In the event a Fund invests in an Underlying MREEM Fund, such investing Fund will not directly pay Management Fees or Carried Interest to the Adviser or such investing Fund's general partner (as applicable), however such investing Fund (and therefore the investors in such investing Fund) will bear its pro rata share of the Management Fee and Carried Interest paid by the Underlying MREEM Fund to the Adviser or the Underlying MREEM Fund's general partner (as applicable).

Common Types of Expenses

Fund Organizational and Operational Expenses

Typically, legal, accounting, filing, travel and other expenses incurred in connection with organizing and establishing a Fund and its general partner (or similar managing fiduciary), including the offering of interests in the Fund, are borne by the investors in such Fund. Often, the expenses borne by a Fund are capped in the governing documents for the Fund and any excess would offset future management fees. With respect to certain Funds, such expenses, up to the amount of any applicable cap, are borne solely by the third-party investors in such Funds that are not affiliated with Alpinvest and any excess is borne by the Adviser.

Investors in Funds will also typically bear all the costs and expenses relating to the operations of the Fund and its general partner. These costs and expenses can include fees, costs and expenses related to developing, negotiating, structuring, trading, settling, monitoring, holding and disposing of portfolio investments, including due diligence costs and expenses (including travel); fees and expenses of administrators, custodians, attorneys, accountants, valuers and other professionals (including the audit and certification fees and the costs of printing and distributing reports); costs incurred in printing, distributing and otherwise furnishing reports and other financial or investment information to investors (including related information technology management systems and investor meetings); costs of compliance with any applicable legal and regulatory requirements, including compliance with any Fund-related agreements (e.g., a Fund's partnership agreement) and agreements with investors (e.g., side letters); any insurance, indemnity or litigation expense; interest on, and fees and expenses arising out of, borrowings made by the Fund; the out-of-pocket and legal and other advisory expenses of an investor advisory committee; certain taxes and any fees or other governmental charges levied against the Fund; and costs and expenses incurred in connection with the dissolution and termination of a Fund and its general partner (or similar managing fiduciary).

Broken Deal Expenses

Funds generally are required to bear out-of-pocket costs and expenses occurred in connection with investments that are not ultimately completed. Typically, these expenses include (i) legal, accounting, advisory, consulting or other third-party expenses in connection with making an investment that is not ultimately consummated and any related travel and accommodation expenses, although the Adviser may be required to bear travel and accommodation expenses incurred in connection with the preliminary investigation of investment opportunities, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made, and (iii) any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made.

Other Expenses

There are additional general categories of expenses that may be borne by Funds, depending on their structure and the terms of the applicable governing documents and investment advisory agreements. For example, Funds (and, indirectly, investors in the Funds) generally will bear a portion of the fees and expenses associated with investments in Underlying Funds, including organizational costs of such Underlying Funds as well as management fees and carried interest paid by such Underlying Funds. In certain limited cases, Underlying Funds may include private investment funds sponsored by Carlyle, in which case a Fund would bear the fees and other compensation arrangements (e.g., carried interest) charged by Carlyle or one of its affiliates to such Carlyle-sponsored Underlying Funds.

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

The Adviser and its investment personnel provide investment advisory services to Funds, which are private pooled investment vehicles sponsored by the Adviser and designed for multiple investors. The general partner of each Fund (each of which is a related person of the Adviser) is generally entitled to receive Carried Interest from the related Fund. In addition, senior members of the Adviser's investment personnel may participate in the general partner of each Fund and as a result share in the performance-based allocations received by the general partner of each Fund. Certain Funds may have higher asset-based fees or more favorable performance-based allocations arrangements than other Funds. When the Adviser and its investment personnel manage more than one Fund, a potential conflict exists for one Fund to be favored over another Fund. The Adviser and its investment personnel may have a greater incentive to favor Funds that pay the Adviser (or its related person and, indirectly, their respective portfolio managers) performance-based allocations or higher fees or in which the Adviser or its investment personnel have made significant investments. In addition, performance-based allocations may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those that would be recommended under different compensatory arrangements.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Funds and the allocation of investment opportunities between those Funds with similar investment mandates. For instance, if the Adviser identifies an Underlying Fund that meets the investment criteria of one or more Funds managed by the Adviser whose investment periods are open at the time the Adviser makes such identification, the Adviser will allocate the interests in the Underlying Fund among the Funds in order of the dates of their respective initial closings such that the Fund that had the earliest initial closing date will receive its full investment allocation before any subsequently-closed Fund receives its investment allocation.

The Adviser is permitted to advise each Fund to pursue investment opportunities to the extent it determines, in its sole discretion, such investment opportunities are appropriate. The Adviser will evaluate a variety of factors which may be relevant in determining whether a particular investment is appropriate and feasible at a particular time, including the nature of the investment opportunity in the context of the other investment or regulatory limitations on the Fund. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts (i.e., parallel funds) is also regularly compared to determine whether there are any unexplained significant discrepancies. These areas are monitored by the Adviser's Chief Compliance Officer.

In addition, the Funds with concurrent investment periods participate in investment opportunities on a pro rata basis according to the proportions of uncommitted capital allocable by each of those Funds to the strategy represented by the investment, and the determination of the appropriate allocation for such Funds is made in the sole discretion of the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment advisory services to Funds that are organized or sponsored by the Adviser. Interests in Funds are typically offered only to sophisticated institutional investors, such as government entities, pension funds, insurance companies and large endowments, as well as high net worth individuals and large family offices.

The Adviser requires that each third-party investor in a Fund be an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and a “qualified purchaser” as defined in the Investment Company Act of 1940, as amended (the “Investment Company Act”). Typically, a minimum investment amount is imposed on third parties investing in the investment vehicles for which the Adviser acts as investment adviser. This minimum typically is set at \$500,000 (but may be set at a higher or lower amount for a particular Fund) and it can be subject to a reduction upon prior agreement by the Adviser or an affiliate (subject to applicable legal requirements). A minimum investment amount can also be established pursuant to the laws of the jurisdiction in which the investment vehicle was established.

Interests in Funds are offered to U.S. persons through private offerings limited to qualified investors pursuant to exemptions available under the Securities Act and the regulations promulgated thereunder. Such investment vehicles are not registered with the SEC as “investment companies” pursuant to specific exclusions from investment company status under the Investment Company Act. The Adviser and certain of its affiliates, equity owners and professionals may invest in or alongside the Funds. Other qualified individuals who may not be employees of the Adviser, but who have pre-existing business relationships with the Adviser or industry expertise in the sector in which a particular Fund may be investing, also may invest in or alongside the Funds.

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

Methods of Analysis and Investment Strategies

The Adviser's long-term objective for each Fund is to provide attractive investment returns through carefully selected portfolios of real estate investments within the parameters of the investment strategies for each such Fund. The core investment strategies employed by the Adviser to meet this objective are primary fund investments, secondary investments and co-investments, as described in more detail below. Typically, Funds will invest in, and/or co-invest alongside, Underlying Funds that are private real estate funds or other investment vehicles or structures selected by the Adviser that were formed generally for the purpose of investing directly or indirectly in office, apartment, industrial or other commercial real estate, in real estate-related securities (including debt or mezzanine participations) or in sponsors or managers of real estate investment funds.

Primary Fund Investments. The Adviser's primary fund investments strategy seeks to construct portfolios for its Funds through the subscription of interests in Underlying Funds. The strategy can also include "purchased primaries," which are typically characterized by the purchase of an interest in an Underlying Fund from an existing investor in such Underlying Fund where such Underlying Fund has yet to invest a certain amount of its capital in portfolio investments and such investment would fall outside of the Adviser's secondaries investment strategy.

Secondary Investments. The Adviser's secondary investments strategy seeks to construct real estate investment portfolios by purchasing interests in Underlying Funds (including the related unfunded commitments) and interests in private real estate investments.

Co-Investments. The Adviser's co-investment strategy seeks to create well diversified real estate investment portfolios by co-investing alongside leading sponsors of private real estate-focused funds in real estate investments. The Adviser focuses on maximizing the number of investment opportunities and selecting the most attractive deals with qualified sponsors from those investment opportunities.

The Adviser is responsible for sourcing, performing due diligence, soliciting, and monitoring the investments for each Fund. In selecting Underlying Funds, the Adviser will attempt to create a broadly diversified portfolio of value-add and opportunistic Underlying Funds managed by sponsors with superior performance track records. The Adviser will also seek co-investment opportunities alongside sponsors of Underlying Funds with which it has developed a strong relationship through its primary and secondary investments business. The Adviser looks for sponsors that have a proven track record of adding value at the property level, a clear "sell discipline," a fiduciary approach to managing investors' capital, and a well-articulated approach to protecting against possible downside risk.

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The Adviser's investment process combines a "top-down" analysis of real estate market trends with a "bottom-up" approach to understand the strengths and weaknesses of individual managers, funds, markets, and product types.

The Adviser attempts to create a portfolio of Underlying Funds that is diversified by property type, geographic market, manager and strategy. The Adviser endeavors to select Underlying Funds that it believes are likely to accomplish the investment objectives of each Fund. Specifically, the Adviser will select Underlying Funds based on one or more of the following criteria: (i) Underlying Funds operated by a deep and experienced management team with a proven track record in their focus property type(s) and markets; (ii) Underlying Funds with in-house leasing, development, and management capabilities; (iii) Underlying Funds that make value-add investments in existing properties (avoid funds likely to incur significant speculative development risk); (iv) Underlying Funds that drive returns through the selection and management of real estate (avoid funds that use excessive leverage to achieve returns); (v)

Underlying Funds with a significant investment by their sponsor and (vi) Underlying Funds with an overall financial structure that aligns the interests of management with those of the investors.

In addition, the Solutions business offers customized managed account solutions to a broad range of sophisticated investors providing access to proprietary Carlyle-sponsored funds and other third-party private investment funds across multiple strategies, including private equity, real estate, hedge funds, infrastructure, energy, mezzanine debt, distressed debt and commodities. CSG works collaboratively with investors to construct portfolios tailored to meet specific investment objectives, return/risk requirements, liquidity expectations and liability profiles. The Solutions business primarily operates through the Adviser, Alpinvest and DGAM (as well as certain Carlyle personnel associated with CIM). The CSG investment approach is intended to exploit market inefficiencies and other situations outside the mainstream of conventional investing in the alternatives asset class while minimizing risk. Investments for Solutions' advisory clients are typically managed on a discretionary basis and are selected opportunistically by and among the aforementioned affiliated investment advisers (including the Adviser) from the range of investment strategies appropriate for the particular advisory client. For additional information regarding the methods of analysis, investment strategies and risk of loss of any of CIM, Alpinvest or DGAM, please see Part 2 of Form ADV of such particular investment adviser, available at: <http://www.adviserinfo.sec.gov/>.

Risk Factors

Investing in securities, including interests in Underlying Funds and their portfolio investments, involves a substantial degree of risk. There can be no assurance that any investment made by a Fund will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of investments in which such Fund participates. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. There can be no assurance that projected or targeted returns for any Fund will be achieved. The risk factors and risk of loss described herein should not be considered to be an exhaustive list of all the risks which investors in a Fund should consider. Investors in a Fund should also refer to the applicable offering or organizational documents for additional information on risk factors and risk of loss.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for a Fund, include the following:

Investment Risk

The Adviser's ability to source and execute quality investments depends on several factors. The Adviser needs to attract, develop and retain professionals with the requisite investment experience. The Adviser needs to optimize information sharing and synergy benefits across its investment teams. Further, the Adviser needs to undertake thorough assessments of each investment opportunity, using collective knowledge and experience.

The business of identifying and structuring investments of the types contemplated by the Funds and the Underlying Funds is competitive and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities may be limited by market conditions and competition from other groups as well as the prevailing regulatory or political climate. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by a Fund and Underlying Funds or considered for prospective investment. There can be no assurance that the Adviser will be able to identify and complete attractive investments in the future.

Suitable investments may not be available for Funds, and even if suitable investments are identified, there is a risk that a Fund's investment objectives will not be achieved. The performance of a Fund's portfolio depends on a range of factors, including the quality of the initial investment decision and the ability of the Underlying Fund manager or portfolio investment to drive performance and achieve its strategy.

Management Risk

The success of a Fund's investments will depend in substantial part on the skills and expertise of the investment professionals of the Adviser. There can be no assurance that the Adviser's professionals will continue to be associated with the Adviser during the full term of a Fund. The loss of one or more of the Adviser's key individuals could have a material adverse effect on a Fund's ability to achieve its investment objectives.

The Funds depend on the diligence, skill, and business contacts of the Adviser's investment professionals, and the information and deal flow they generate during the normal course of their activities. The ability of a Fund to achieve its objectives depends on the continued service of these individuals, who are not obligated to remain employed with the Adviser or its affiliates. The market for experienced private equity investment professionals is highly competitive. If the Adviser fails to adequately compensate its investment professionals, in light of such market conditions, one or more of such individuals could cease to work for the Adviser.

A Fund's general partner (a related person of the Adviser) will have exclusive responsibility for the Fund's activities, and, other than as may be set forth in the Fund's governing documents or investment management agreement, investors in a Fund will lack discretion to make investment or any other decisions concerning the management of a Fund.

Third-Party Underlying Fund Management Risk

The Funds will invest in Underlying Funds generally managed by parties that are independent of the Adviser and its affiliates and who invest, directly or indirectly, in real estate investments. Although the Adviser will evaluate the performance of each Underlying Fund manager, the past performance of an Underlying Fund manager may not be a reliable indicator of future results. Many underlying managers may not be registered as investment advisers with the SEC, making it more difficult for the Adviser to scrutinize such Underlying Fund managers' credentials. Further, the Adviser will not have an active role in the day-to-day management of the Underlying Funds in which the Funds invest. Moreover, the Adviser will not have the opportunity to evaluate the specific investments made by any Underlying Fund before they are made, and generally will not be able to dispose of its investment in an Underlying Fund if the Adviser is dissatisfied with such Underlying Fund's performance. Accordingly, the Funds' returns will depend on the performance of such unrelated Underlying Fund managers and could be adversely affected by the unfavorable performance of such Underlying Fund managers.

Due Diligence Risk

The Adviser conducts due diligence in connection with investment opportunities. The Adviser's due diligence process may not reveal all facts that may be relevant in connection with an investment made by a Fund. In some cases, only limited information is available about an Underlying Fund or other investment in which the Adviser is considering making an investment. There can be no assurance that the due diligence investigations undertaken by the Adviser will reveal or highlight all relevant facts that may be necessary or helpful in evaluating a particular investment opportunity, or that the Adviser's due diligence will result in an investment being successful.

Risks Related to Investments in Real Estate and Real Estate Related Securities

The Funds invest in Underlying Funds that invest in office, apartment, industrial and other commercial real estate properties, as well as in real estate related securities (including debt and mezzanine participations). Accordingly, the investments of the Underlying Funds will be subject to the risks incident to ownership and development of real estate, including risks associated with changes in the general economic climate that create vacancy or put downward pressure on rental rates, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of or demand for competing properties in an area, accelerated construction activity, technological innovations that dramatically alter space requirements, the availability of debt and other financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks (including possible terrorist activity), and government regulations.

Further, the real properties underlying the investments of the Underlying Funds will be subject to various U.S. and non-U.S. environmental laws, regulations, and administrative rulings which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Real property owners are subject to federal and state environmental laws which impose joint and several liability on past and present owners and users of real property for hazardous substance remediation and removal costs. In addition, investments in real estate or interests in real estate are illiquid and subject to industry cycles, downturns in demand, market disruptions and the lack of available capital from potential lenders or investors. Accordingly, there can be no assurance that the manager of an Underlying Fund will be able to dispose of its investments in a timely manner and/or on favorable terms. Furthermore, there can be no assurance that there will be tenants or purchasers for the office or commercial space or residential units ultimately developed.

Risks Related to Asset-Backed Securities and Mortgage-Backed Securities

Asset-backed securities and mortgage-backed securities may be subject to interest rate risk, credit risk associated with the performance of the underlying asset or mortgage property and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. There is also the possibility that recoveries on repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral. Mortgage-backed securities are affected by factors such as consumer spending habits, local economic and competitive conditions, tenant occupancy rates and regulatory or zoning restrictions, or the loss of a major tenant may adversely affect the economic viability of a mortgaged property. In addition, these mortgage-backed securities are subject to prepayment risk. Some mortgage-securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

Risks Related to Distressed Securities and Situations

Investments in Underlying Funds that focus on distressed situations and/or invest in unrated or low grade debt securities of distressed assets are subject to significant risks, including, but not limited to: the difficulty in obtaining information as to the issuer's true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Also, securities of distressed assets are generally more likely to become worthless than the securities of more financially stable assets. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

Risks Related to Investments in Non-U.S. Securities and Emerging Markets.

Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market. Additionally, the risks of such investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries could have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Risks Related to Fixed-Income and Debt Securities

Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject an Underlying Fund's portfolio to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline.

Risks Related to REITs

Private REIT structures through which certain Underlying Funds invest in real estate or real estate related securities are subject to changes in tax laws that could impact the net after-tax returns of an investment.

Risks Related to Hedging

There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while both the Adviser and/or the Underlying Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

Diversification Risk

Funds will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, the Funds' portfolios are subject to changes in value due to changes in the market conditions of the real estate market than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments across a wider range of industries. Given that a Fund will participate in a limited number of investments, the aggregate return of such Fund may be substantially adversely affected by the unfavorable performance of even a single investment. In addition, other than as set forth in the applicable Fund's governing documents or investment management agreement (as the case may be), investors have no assurance as to the degree of diversification of a Fund's investments, either by geographic region, industry or transaction type.

Leverage Risk

While the Funds generally only employ leverage on a short-term basis (if at all) to bridge capital calls from investors, Underlying Funds, and the entities in which Underlying Funds invest, may utilize leverage in connection with implementing their respective investment strategies. Although leverage will increase investment returns if an Underlying Fund earns a greater return on the investments purchased with borrowed funds than it pays for the use of those funds, the use of leverage will decrease the returns of an Underlying Fund if it fails to earn as much on investments purchased with borrowed funds as it pays for the use of those funds.

The use of leverage will magnify the volatility of changes in the value of portfolio investments. Any gain in the value of assets in excess of the cost of the amount borrowed to acquire such assets would cause the borrower's net asset value to increase more than if the assets had been bought without utilizing leverage. Conversely, any decline in the value of its assets to below the cost of the borrowing utilized to fund their purchase would cause the net asset value to decline more than would be the case if debt had not been used to purchase such assets. While the use of leverage may increase a borrower's returns, it will also increase its exposure to risk. This risk is more concentrated in Underlying Funds which focus on making leveraged buyout investments.

Market Risk

The Adviser invests in developed and emerging markets so its investments are affected by macroeconomic and geopolitical developments, such as changes in interest rates, exchange rates,

availability of credit, inflation rates, and economic uncertainty, as well as changes in government policies and regulations. These factors may affect the level and volatility of security prices and liquidity of the securities held by Funds and the Underlying Funds. Unexpected volatility or liquidity could impair a Fund's or an Underlying Fund's profitability or result in losses.

Currency Risk

A Fund's investments, and the income received by a Fund with respect to such investments, may be denominated in a currency other than the Fund's base currency (EUR, USD, etc.). The Fund's books, however, will be maintained, and contributions to and distributions from the Fund will generally be made, in the base currency. Accordingly, changes in currency exchange rates, costs of conversion and exchange control regulations may adversely affect the base currency value of the Fund's investments. Currency exchange rates may fluctuate significantly over short periods of time and may also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments in one or more jurisdictions. In addition, certain countries in which the Adviser may invest may have implemented or may implement strict controls on foreign exchange which may result in artificially pegged exchange rates that may distort the results of returns on investments in such countries. A Fund may incur costs or experience substantial delays when, or be prohibited from, converting one currency into another.

Liquidity Risk

Private real estate investments are generally illiquid. Investments in Underlying Funds or underlying real estate investments may be illiquid and require a long-term commitment of capital with no certainty of return. Interests in Underlying Funds held by a Fund may be subject to legal and other restrictions on resale or otherwise less liquid than other types of securities, such as publicly traded securities. These investments may be difficult to dispose of and a Fund may realize a substantial loss on the sale of an illiquid investment.

Additionally, the interests in Funds have not been (and are not expected to be) registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no public market for the interests in such Funds and one is not expected to develop. An investor in a Fund will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the general partner (or other similar managing fiduciary) of such applicable investment vehicle, which consent may be given or withheld in accordance with the governing documents of such applicable investment vehicle.

Follow-On Investment Risk

An Underlying Fund's direct and indirect investments in operating companies may require follow-on investments. An Underlying Fund may be required to provide follow-on funding for its portfolio investments or have the opportunity to make additional investments in such portfolio investments. There can be no assurance that the Underlying Fund will have sufficient funds to make any such additional investments. Any decision by an Underlying Fund not to make follow-on investments or its inability to make them may have a negative impact on a portfolio investment in need of such an investment, which could, in turn, have a negative effect on a Fund's returns.

Layered Expenses

Because the Adviser's strategy involves investing in Underlying Funds, Funds will bear expenses and pay management fees and performance-based compensation at the Underlying Fund level and generally with respect to the Adviser (or its affiliates) as well. As a result, the aggregate amount of fees and expenses borne by an investor in a Fund will be higher than if the investor had invested directly in an Underlying Fund.

Minority Investor Risk

An Underlying Fund's or a Fund's minority direct or indirect investments in portfolio investments will subject the Underlying Fund or Fund (as applicable) to actions taken by the majority holders of the securities of such portfolio investments that may not be aligned with the Fund's goals. An Underlying Fund or a Fund may make minority equity investments in portfolio investments where the Underlying Fund or the Fund may not be able to control or influence such entities. In such cases, the Underlying Fund or Fund will be reliant on the existing management of such portfolio investments, which may include representatives of other investors with whom the Underlying Fund or Fund is not affiliated and whose interests may at times conflict with the Fund's interests. The Underlying Fund and/or Fund may therefore be adversely affected by actions taken by management or any majority equity holders of the portfolio companies in which they invest.

Competition Risk

The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that a Fund will be able to locate, consummate and exit investments that satisfy its rate of return objectives or realize upon their values or that it will be able to invest fully its committed capital.

Limited Operating History Risks

Although the Adviser has extensive experience managing investments in the private real estate investment markets, many of the Funds as well as the Underlying Funds in which investors expect to invest will be newly- or recently-formed entities with no significant operating history upon which to evaluate their likely performance or the likely effectiveness of their investment strategy. An investment in a Fund or an Underlying Fund is therefore subject to all of the risks and uncertainties associated with any new business, including the risk that a Fund or an Underlying Fund (as applicable) will not achieve its investment objectives and that the value of an investment could decline substantially.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund. There is a material risk that regulatory agencies in the United States, Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private real estate investment industry, or other changes that could adversely affect private real estate investment firms and the funds they sponsor, including a Fund.

The implementation date for the European Union Directive on Alternative Investment Fund Managers (the "Directive") was on July 22, 2013. The Directive imposes new regulatory obligations and restrictions on authorized alternative investment fund managers in respect of their portfolio management, marketing, and other investment-related functions. A number of Funds potentially are in scope of the Directive's requirements. As such, the Directive could adversely impact a Fund by, among other things: (i) limiting such Fund's investment opportunities and the Adviser's operating flexibility both internally and with respect to investments made by the Fund and (ii) exposing the Fund to conflicting regulatory requirements in the United States and European Union. Because many of the provisions of the directive require the adoption of delegated acts and regulatory technical standards, as the establishment of guidelines, before becoming fully effective, it is difficult to predict the precise impact of the Directive on Funds. Any regulatory changes arising from the transposition of the Directive into national law that impair the ability of the Adviser or its affiliates to manage the investment of a Fund, or limit the ability to market interests in a Fund in the future, may materially adversely affect a Fund's ability to carry out its investment approach and achieve its investment objectives and may materially increase the costs of doing business in Europe.

In addition, in January 2013, the U.S. Internal Revenue Service (the "IRS") released final regulations related to the Foreign Account Tax Compliance Act ("FATCA"), which regulations require all entities in a broadly defined class of foreign financial institutions ("FFIs") to comply with a complicated and expansive

reporting regime. Beginning in July 2014, FFIs that fail to comply with FATCA are subject to a 30% U.S. withholding tax on certain U.S. payments (and beginning in 2017, a 30% U.S. withholding tax on gross proceeds from the sale of certain U.S. stocks and securities). Under FATCA, non-U.S. entities which are not FFIs also must either certify they have no substantial U.S. beneficial ownership or report certain information with respect to their substantial U.S. beneficial ownership or, beginning in July 2014, be subject to a 30% U.S. withholding tax on certain U.S. payments (and beginning in 2017, a 30% U.S. withholding tax on gross proceeds from the sale of certain U.S. stocks and securities). In general, these requirements apply to non-U.S. investment funds, such as any non-U.S. Fund or other investment vehicle advised or managed by the Adviser. Among other things, FATCA compliance requires FFIs to obtain and review appropriate due diligence information with respect to certain existing and prospective investors. In addition, the reporting obligations imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS. In the event FFIs are unable to do so, certain payments made to the FFIs may be subject to a 30% U.S. withholding tax, which would reduce the cash available to investors. The United States has entered into intergovernmental agreements with numerous foreign governments to share information regarding U.S. and foreign investors in their respective jurisdictions as an alternative means of complying with FATCA. These U.S. and foreign reporting requirements may apply to investors who are FFIs and the general partner (or similar managing fiduciary) has no control over whether such investors comply with the reporting regime. Prospective investors in any Fund should consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

Risks Relating to Taxation in Other Jurisdictions

If a Fund makes investments in a jurisdiction outside the United States, such Fund or its investors (as applicable) may be subject to income or other tax in that jurisdiction. Additionally, withholding tax or branch tax may be imposed on earnings from investments in such jurisdictions. In addition, local tax incurred in non-U.S. jurisdictions by a Fund or vehicles through which it invests may not be creditable to or deductible by investors. Income or gains of a Fund may be subject to withholding, income, net wealth or other tax in the jurisdictions where its investments are located.

Geographic Concentration Risks

Certain Funds may require that the Adviser focus their investments in a particular geographic region and therefore will be particularly vulnerable to events affecting companies in such region. The economy of a particular country in which a geographically focused fund may invest is influenced by economic and market considerations in other countries in the relevant region. Investors' reactions to events in one country can have adverse effects on the securities of companies and the value of property and related assets in other countries in which a geographically focused fund may invest. The performance of a geographically focused Fund may be worse than the performance of other Funds that invest more broadly geographically.

Vintage Year Concentration Risks

Due to their long-term nature, private real estate funds are exposed to market cycles that can result in final returns that vary substantially over vintage years. Additionally, fundraising by Underlying Fund sponsors and volume of investment activity frequently follow counter-cyclical patterns, which can impede proper diversification over time. There can be no assurance that the Adviser can adequately diversify a private real estate portfolio over vintage years and, as a result, a Fund's investment portfolio may become overly concentrated in one or more vintage years, which may adversely affect performance.

Access to Information Risks

Due in part to the fact that potential investors in a Fund may ask different questions and request different information, the Adviser or its affiliates may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners in the Fund. Investors' rights to information regarding a Fund will be specified, and strictly limited, in such Fund's governing documents.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the adviser or the integrity of the adviser's management. The Adviser does not have any disciplinary information applicable to this Item 9 to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Affiliated Advisers and Other Affiliations

The Adviser's affiliated advisers are Metropolitan Real Estate Europe LLP ("MRE Europe"), a wholly-owned subsidiary of the Adviser based in London, England, and Metropolitan Real Estate Asia Limited ("MRE Asia"), a wholly-owned subsidiary of the Adviser based in Hong Kong. Following the acquisition of the Adviser by Carlyle, the Adviser has begun the process of winding up MRE Europe and has entered into a sub-advisory agreement with CECP Advisors LLP ("CECP"), an investment adviser formed as a limited liability partnership under the laws of England and Wales and authorized by the UK Financial Conduct Authority. CECP is part of Carlyle and is an affiliate of the Adviser. The former MRE Europe employees have become employees at CECP, and such persons exclusively provide services to the Adviser and the Funds; they have no other duties at CECP. All costs that CECP incurs in connection with this arrangement, including any compensation or benefits that CECP furnishes to such former MRE Europe personnel are reimbursed by the Adviser to CECP. All former MRE Europe employees that are employed by CECP are subject to the relevant compliance policies and procedures of each of the Adviser and of CECP.

The Adviser's affiliated advisers work in conjunction with the Adviser to provide investment advisory services to Funds. Such services are described in Item 4 of this brochure and include investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of Funds, managing and monitoring the performance of such investments and disposing of such investments, and conducting investment research on behalf of the Adviser. Pursuant to reliance on SEC staff interpretation, CECP and MRE Asia are considered "participating affiliates" of the Adviser. The Adviser subjects each of the participating affiliates and their respective relevant employees to the Adviser's regulatory oversight and the Code of Conduct (see Item 11 below), together with its other compliance policies and procedures, including books and records maintenance, as adopted pursuant to the requirements of the Advisers Act, as applicable (in addition to applicable local laws and regulations). CECP is also a participating affiliate of CIM, and as such is also subject to CIM's regulatory oversight.

David G. Nasaw, a co-founder of the Adviser, currently serves as a consultant to the Adviser while also acting in an advisory role at RMA, an asset advisory firm formerly owned by Mr. Nasaw that is engaged in the deployment of real estate investment capital for high net worth families. RMA manages equity and mezzanine investments in property partnerships that focus on a variety of property types and markets. Mr. Nasaw advises RMA solely on those client accounts which he historically originated.

Since Mr. Nasaw's work at RMA may relate to or overlap with the business opportunities of the Adviser (e.g., identifying managers for potential investment), a potential conflict of interest may exist in certain situations where Mr. Nasaw is reviewing investment opportunities for both the Adviser and RMA. In such situations, the Adviser will endeavor to take certain steps and procedures to ensure that each instance is documented in order to demonstrate that the Adviser has relied solely on the relevant merits of the investment opportunity as such relates to a particular Fund. The Adviser has implemented procedures to identify and mitigate the potential conflicts that may arise.

The Adviser has implemented policies to document compliance with such procedures. In addition, the Adviser also documents the original thesis and rationale for making investments in the Underlying Funds so that it is clear that such investments were made in the best interests of the Fund.

The Adviser is also affiliated with Alpinvest, a private equity fund-of-funds adviser, and DGAM, a fund of hedge funds adviser, in each of which Carlyle owns 100% of the equity interests. Like the Adviser, both Alpinvest and DGAM are part of Carlyle's Solutions business segment. Each of Alpinvest and DGAM is separately registered under the Advisers Act as an investment adviser.

In addition, the Adviser is affiliated with CIM, a Carlyle affiliate. As discussed in Item 4, apart from its relationship with Carlyle's Solutions business, the Adviser generally has an existence independent of

Carlyle and primarily carries out its investment operations independently of Carlyle. CIM is separately registered under the Advisers Act as an investment adviser. In addition, TCG Securities, L.L.C. ("TCG Securities"), an affiliate of CIM and Carlyle, is licensed as a broker-dealer with respect to the offer and sale of interests in one or more Funds. The Adviser has entered into a limited-purpose introductory services agreement with TCG Securities in respect of such services. When registered representatives of TCG Securities provide services to the Adviser thereunder, such persons will be subject to the policies and procedures of TCG Securities when engaged in securities-related activities in addition to applicable policies and procedures of CIM. TCG Securities does not intend to act as a broker-dealer or agent for transactions made on behalf of affiliated, private investment vehicles and does not intend to hold funds or securities for, or owe money or securities to, its clients generally. Additionally, Carlyle holds, and may acquire, ownership stakes in one or more other broker-dealers, including TCG Securities. The Adviser may execute trades through such Carlyle-affiliated broker-dealers. The Adviser will execute trades in all cases consistent with its duty to seek best execution.

Carlyle is a global alternative asset management firm with business operations across several business segments. As discussed in Item 4, the Adviser's Investment Committee consists solely of Managing Directors of the Adviser (although Carlyle professionals who are members of CSG may observe the Adviser's investment operations). Although the Adviser is a separately-registered investment adviser and primarily carries out its investment operations independently of Carlyle (including CIM, AlInvest, DGAM and other Carlyle-affiliated investment advisers) as described above, the Adviser's status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed below.

Because Carlyle has many different asset management and advisory businesses and operates on a global basis, the Adviser may be subject to greater regulatory oversight than it would be absent its relationship with Carlyle. The Adviser and its Funds also may be subject to certain legal and other restrictions on their investment activities as a consequence of the Carlyle relationship including, for example, limitations imposed by non-U.S. regulatory authorities, or restrictions on the purchase or sale of, or exercise of voting or other rights with respect to, the debt instruments of an issuer when a Carlyle advisory client holds the equity of the issuer and the issuer is an affiliate of Carlyle.

Carlyle and its directors, members, managers, partners, shareholders, officers, employees, agents and affiliates may conduct any other business, including any business within the securities industry, whether or not such business competes with the Adviser. Without limiting the generality of the foregoing, Carlyle and its affiliated companies and persons act and will continue to act as general partner, investment adviser or investment manager for others, manage funds, separate accounts or capital for others, have, make and maintain investments in their own name or through other entities and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms or advisory firms.

Please see "Conflicts of Interest — Other Potential Conflicts" for more information on potential material conflicts of interest with Carlyle.

For the purposes of this brochure, references to the "Adviser" include its participating affiliates specified above, but do not include references to AlInvest, DGAM, CIM, TCG Securities or Carlyle. For additional information regarding any of CIM, AlInvest or DGAM, including persons related to such advisers that may act as investment advisers or sub-advisers or commodity pool operators please see Part 2 of Form ADV of such particular investment adviser, available at: <http://www.adviserinfo.sec.gov/>.

Other Advisory Clients

Related persons of the Adviser will act as general partner (or similar managing fiduciary) of Funds or other investment vehicles in which the Adviser's advisory clients participate and, to the extent not otherwise exempt from registration as an adviser with the SEC, conduct their activities in accordance with the Advisers Act and the rules thereunder and in reliance on the Adviser's registration under the Advisers Act as associated persons of the Adviser.

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

Code of Ethics

The Adviser is subject to Carlyle's Code of Conduct that sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. Among other things, the Code of Conduct prescribes standards for dealing with clients ethically, addresses conflicts of interest issues, and supplements personal trading and operating procedures. The Code of Conduct provides guidance in specific areas, including but not limited to, confidentiality of information, personal investments, gifts and entertainment and personal political activities. This Code of Conduct is available to clients, investors or prospective clients by writing to Metropolitan Real Estate Equity Management, 650 Fifth Avenue, 29th Floor, New York, New York 10019, Attn: Investor Relations.

The Adviser has also adopted policies and procedures to implement the pay-to-play regulations promulgated by the SEC (the "Pay-to-Play Policy"). In addition, the Adviser is subject to the New York Attorney General's Public Pension Fund Reform Code of Conduct adopted by Carlyle. Such code of conduct governs the Adviser's interactions with public pension funds in the United States and, among other matters, (i) bans the use of outside placement agents and lobbyists in connection with obtaining investments from such public pension funds, (ii) bans certain campaign contributions in the United States and (iii) provides for increased disclosure, strengthened employment, confidentiality and gift policies, and conflicts of interest procedures as they relate to public pension funds in the United States. This code of conduct as well as the Pay-to-Play Policy is available to current and prospective investors in Funds by writing to the address noted above.

The Adviser may take disciplinary measures against any of the Adviser's personnel who violate the Code of Conduct or the Pay-to-Play Policy, including, without limitation, imposing penalties or fines, reducing compensation, demotion, requiring unwinding of any applicable trade, requiring disgorgement of trading gains, suspending or terminating employment, or any combination of the foregoing. The Adviser's personnel are also required to promptly report any violation of the Code of Conduct or Pay-to-Play Policy of which they become aware.

Participation or Interest in Client Transactions

The Adviser, its affiliates and equity owners (including Carlyle), and certain of their respective professionals may invest in or alongside a Fund. Management Fees and Carried Interest on such investments may be substantially reduced or, as is more typical, waived altogether for these investors. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Conflicts of Interest

The Adviser and certain of its related entities engage in a broad range of activities, including investment activities for their own account, and providing transaction-related, investment advisory, management and other services to Funds and other types of clients. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser or other Funds. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable

Fund with respect to the immediate issue and/or with respect to the Fund's longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest.

- The Adviser will not make an investment with respect to a Fund unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund.
- Many important conflicts of interest will generally be resolved by established procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents, or the relevant investment advisory agreement, for the applicable Fund.
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price.
- To the extent that conflicts of interest arise involving a Fund, relevant procedures (if any) described in such Fund's limited partnership agreement (or similar organizational documents) will be followed, and may include the approval of a designated limited partner advisory board or committee, the approval of a majority-in-interest of the investors in the Fund, or other procedural steps reasonably designed to mitigate the risks to the Fund and its investors.
- The Adviser and certain of its affiliates have adopted written policies establishing information "walls" designed to limit communication of commercially sensitive information. These policies restrict the dissemination of proprietary or confidential information. In addition, these policies establish procedures to guard against unlawful and inappropriate disclosure of material, nonpublic information.

Conflicts

The material conflicts of interest encountered by the Adviser with respect to its Funds include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by the Adviser. Other material conflicts may be disclosed throughout this brochure and the brochure should be the Adviser in its entirety for other conflicts.

Allocations of Investment Opportunities

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various Funds and other persons. Accordingly, a Fund may invest in transactions in which other Funds participate, or a Fund may not be able to invest in a transaction that is suitable for such Fund while other Funds do make such investment. The investment policies, management fee and carried interest arrangements, investments owned by employees of the Adviser or its affiliates with respect to a Fund, and other circumstances of the Fund, may vary from those with respect to other Funds. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a particular Fund.

In recognition of the fiduciary duties required of investment advisers under the Advisers Act, it is the policy of the Adviser to treat its various Funds fairly and equitably in the allocation of investment opportunities and certain expenses. Accordingly, the Adviser will seek to make all allocations of investment opportunities and certain expenses in a fair and equitable manner, and will not generally favor or disfavor, consistently or consciously, any Fund in relation to any other Funds. To this end, the allocation of investment opportunities and certain expenses should not be based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund to the Adviser. Often the Adviser advises multiple Funds that execute the same strategy ("Parallel Funds"). Parallel Funds will generally invest in parallel in all investments on a pro rata basis.

Cross-Transactions

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund (e.g., to rebalance a Fund's portfolio, to take into account a Fund's cash flows or to comply with applicable investment guidelines and restrictions of a Fund). Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in a Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds.

To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the investment restrictions and requirements set forth in the offering or organizational documents related to the relevant Funds. To the extent such matters are not addressed in such materials, the Adviser's Chief Compliance Officer (or his respective designees) will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction and the Adviser will not effect any such transaction for any Fund where the Adviser may be deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the investment adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction.

The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Management of Funds and other Advisory Clients

The Adviser provides services to a number of Funds, which may have investment objectives similar to each other. The Adviser may in the future obtain additional advisory clients, including establishing one or more additional Funds, with investment objectives substantially similar to, or different from, those of the Adviser's current Funds. Allocation of available investment opportunities between existing and future advisory clients could give rise to conflicts of interest. In addition, it is expected that the Adviser's personnel responsible for advising a particular Fund will have responsibilities with respect to other Funds advised by the Adviser. Conflicts of interest may arise in allocating time, services or functions of such personnel.

Conflicts Relating to Affiliates of the Adviser

In the event a Fund invests in an Underlying MREEM Fund, such investing Fund will not directly pay Management Fees or Carried Interest to the Adviser or such investing Fund's general partner (as applicable), however such investing Fund (and therefore the investors in such investing Fund) will bear its

pro rata share of the Management Fee and Carried Interest paid by the Underlying MREEM Fund to the Adviser or the Underlying MREEM Fund's general partner (as applicable).

Certain affiliates or employees of the Adviser may invest their personal funds in Underlying Funds that are also recommended by the Adviser to the Funds. The Adviser has established procedures intended to limit conflicts of interest in cases where the Adviser, its related persons or any of their employees, intends to invest in securities recommended by the Adviser to its clients (i.e., intends to invest in Underlying Funds that are also recommended by the Adviser to the Funds).

The Adviser generally may, in its discretion, recommend to a Fund (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) a related person of the Adviser or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Because certain expenses are paid for by a Fund or, if incurred by the Adviser, are reimbursed by a Fund, the Adviser may have an incentive not to seek out the lowest cost options when incurring (or causing a Fund to incur) such expenses. The Adviser will act in the best interests of the Funds when incurring expenses.

Fee Structure

As discussed above in Item 6, the Adviser (or, in some cases, the general partner or special limited partner of a Fund, which is an affiliate of the Adviser) is entitled to Carried Interest under the terms of the investment advisory agreement with, or the limited partnership agreement (or analogous organizational documents) of, a Fund, which is based on the performance of the Fund. The existence of the Adviser's, general partner's or special limited partner's performance-based allocation may create an incentive for the Adviser (or a general partner) to cause a Fund to make more speculative investments than it would otherwise make in the absence of performance-based allocations.

Diverse Membership

Investors in the Funds are expected to include U.S. taxable and tax exempt entities, and entities organized in jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Adviser and its affiliates will consider the investment and tax objectives of the applicable Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Possession of Material, Non-Public Information and other Trading Restrictions

The Adviser espouses a management philosophy of collaboration and information sharing among investment professionals to create a unified global network. The Adviser, its affiliates, and their professionals may come into contact with material, non-public information in connection with their dealings with the Adviser, Carlyle, CIM, Alpinvest, DGAM or their affiliates. The Adviser has established policies and procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Under no circumstances may a professional trade in a security while in possession of material, non-public information about that security for his or her own account, the accounts of certain family members or the account of a Fund. The Adviser is subject to various information barriers to segregate the flow of material,

non-public information between the various Carlyle business segments, and specifically in the case of Solutions, to segregate the flow of non-public, commercially sensitive information.

Other Potential Conflicts

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser may engage other common service providers for itself as well as one or more Funds. In such circumstances, there may be a conflict of interest between the Adviser and such Fund in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such service providers if it receives a benefit from them (such as lower fees) that it would not receive absent the engagement of such service provider by such Fund.

The terms of a partnership agreement (or analogous organizational documents) of a Fund are often highly negotiated and customized for investors in the Fund. Accordingly, the terms of such agreements may vary significantly even though other or prior Funds may have substantially similar investment strategies. For example, an investor in a Fund that commits significant capital may be offered preferential terms (including breaks on fees) compared to another investor in a Fund that has committed a lesser amount. Such preferential terms may not be offered to every investor in a Fund.

The partnership agreements (or analogous organizational documents) of certain Funds may permit the general partner of each such Fund to cause such Fund to distribute such general partner's share of securities resulting from an investment disposition by such Fund to such general partner or its affiliates in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the general partner and the limited partners of the applicable Fund, because the general partner may have an incentive to cause the Fund to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the general partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners).

The partnership agreements (or analogous organizational documents) of certain Funds may permit each such Fund's general partner, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable general partner or affiliate and the Fund acting as borrower.

The partnership agreements (or analogous organizational documents) of certain Funds may permit the Adviser or a Fund's general partner to withhold information from certain investors in certain circumstances. For instance, information may be withheld from limited partners of a Fund that are subject to Freedom of Information Act or similar requirements. The Adviser or a Fund's general partner may elect to withhold certain information from such investors in a Fund for reasons relating to the Adviser's public reputation or overall business strategy, despite the potential benefits to such investors in a Fund of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

Carlyle maintains a one-way information barrier between Solutions (which includes the Adviser), on the one hand, and the other business segments of Carlyle, on the other hand. The Solutions information barrier restricts the flow of non-public, commercially sensitive Solutions information from CSG to the other Carlyle business segments, other than for certain regulatory, reporting and similar purposes. The Solutions information barrier also operates to maintain investment management independence between

the Adviser, operating as a member of Solutions, and the other business segments of Carlyle. Consistent with the investment management independence of the Adviser, investment collaboration between the Adviser's personnel and other Carlyle personnel is generally subject to restrictions. In addressing the misuse of material non-public information, Carlyle and the Adviser maintain a shared restricted trading list for their personnel and advisory clients, except that the Carlyle Global Market Strategies segment maintains a separate restricted trading list for its advisory clients. In addition, as part of Carlyle's Solutions business segment, the Adviser is subject to other information barriers established by Carlyle, such as the information barrier between Carlyle's Global Market Strategies business segment, on the one hand, and Carlyle's Corporate Private Equity, Real Assets and Solutions business segments, on the other hand.

Where permitted under the specific legal and/or organizational documents of a Fund, such Fund may invest in entities or assets in which other advisory clients of CIM or other Carlyle-affiliated investment advisers (e.g., pooled investment vehicles and managed accounts) have or are concurrently making a separate investment and, likewise, advisory clients of CIM or other Carlyle-affiliated investment advisers may invest in entities or assets in which a Fund has an existing investment or are concurrently making an investment. In such situations, such Fund and other Carlyle entities may have conflicting interests (e.g., over the terms of their respective investments). In a bankruptcy proceeding, a Fund's interests may be subject to enhanced scrutiny, subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of Carlyle relating to the company involved in the bankruptcy proceeding.

From time to time, certain Funds are expected to provide capital to, or otherwise co-invest alongside, certain Underlying Funds or other accounts or investments managed or advised by third party sponsors. The strategies of such sponsors have historically overlapped with the investment strategies of the advisory clients managed by other Carlyle-affiliates, such as CIM. It is therefore likely that the Adviser will create additional competition in the market or independently consider the same investment opportunities as such Carlyle advisory clients, and thereby, on any given occasion, compete directly or indirectly with Carlyle for the same or similar investment opportunities.

In addition, the Adviser may cause a Fund to (or recommend that a Fund) hold, if permitted under its investment restrictions, interests in one or more Carlyle funds or co-investment opportunities. Given the relationship between the Adviser and Carlyle, the Adviser may be incentivized to invest in (i) Carlyle-sponsored Underlying Funds or investments, as opposed to Underlying Funds or investments sponsored or managed by potential competitors of Carlyle or (ii) certain Carlyle-sponsored funds or investments over other Carlyle-sponsored funds or investments, including where such funds or investments have differing levels of fees or have different relative capital needs. Any such investment by a Fund are expected to be made on arm's-length terms (or otherwise consented to or approved by the relevant Fund investors), subject in any case to the CSG information barrier and the confidentiality restrictions arising from particular fund or vehicle agreements, as well as the Adviser's applicable fiduciary duties to the Fund.

Further, transactions involving the purchase (or sale) of securities by a Fund from (or to) an affiliate of Carlyle may constitute a cross-trade or a principal transaction in certain circumstances. Accordingly, prior to any potential cross-trade or principal transaction involving a Fund, the Adviser will determine whether or not the trade would constitute a cross-trade or principal transaction, and if so, that all required notice and consent requirements have been satisfied.

Item 12. Brokerage Practices

As the Adviser's Funds primarily invest in private real estate funds and their real estate portfolio investments, the Adviser anticipates that investments in publicly traded securities will be extraordinarily rare occurrences. However, to meet its fiduciary duties to its Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities, including seeking "best execution" for the transaction (i.e., obtaining for a Fund the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer).

Item 13. Review of Accounts

The holdings of each Fund generally consist of interests in Underlying Funds that are private equity real estate funds. Such investments generally have long-term lock-ups and are illiquid investments with very limited opportunity for withdrawal or resale on the secondary market; however, if the Adviser did determine to explore selling a position it would do so through the same procedures outlined below regarding making investments. The holdings in each Fund portfolio are monitored by a team of professionals who are members or employees of the Adviser. All investments made by the Funds must be unanimously approved by the Adviser's Investment Committee following due diligence and documentation review and negotiation. In addition, the activity of each Fund and its Underlying Funds are monitored and reviewed periodically during the life of each investment.

Significant market events affecting the prices of one or more securities in each Fund's accounts or the real estate markets in which the Underlying Funds are invested may trigger reviews of Funds' accounts on other than a periodic basis.

Investors in a Fund typically receive quarterly financial reports and audited annual reports. Any other reports to Fund investors are based on the terms of the applicable partnership agreement (or analogous organizational documents) of a Fund.

A copy of this Brochure is delivered to new investor in a Fund prior to or at the time of closing on such investor's subscription to the Fund to the extent required by the Advisers Act.

Item 14. Client Referrals and Other Compensation

The Adviser has in the past and may in the future enter into solicitation and referral agreements with affiliated or unaffiliated placement agents or other third party firms which obligate the Adviser to make cash payments to such placement agents or third parties for client referrals. All such agreements are, or with respect to future agreements will be, made in accordance with Rule 206(4)-3 under the Advisers Act to the extent applicable. Any sales charge associated therewith will ultimately be payable by the Adviser or its affiliates, either directly or through an offset of the management fee payable by the relevant Fund. In accordance with the Adviser's policies, no investor may bear any portion of any fee paid to any third-party solicitor with respect to such investment (whether in the form of higher management fees or other types of fees) without the consent of the approval of the Chief Compliance Officer.

Item 15. Custody

The Adviser uses unaffiliated, qualified, third-party custodians to hold the assets of the Funds in a manner that it believes complies with current regulatory requirements, including SEC Staff guidance. For example, these qualified custodians maintain the client assets in a manner that segregates them from assets for other clients of the custodian.

The Adviser is deemed to have custody of the underlying assets of many of its Funds. The Adviser relies on an exception available to “pooled investment vehicles” from the reporting and surprise audit obligations imposed by the SEC’s custody rule. In addition to holding client assets with an unaffiliated, qualified, third-party custodian, these client assets (where the Adviser is deemed to have custody) are generally also subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board. The audited financial statements are then provided to the underlying investors of these Funds within 180 days of the end of the fiscal year.

In addition, in connection with the final liquidation of a Fund, the Adviser will obtain a final audit and distribute the audited financial statements to such Fund’s investors promptly after completion of the audit.

Item 16. Investment Discretion

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

The scope of the Adviser's discretion in relation to each Fund is included in each Fund's limited partnership agreement.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) Underlying Funds to which it allocates the Funds' assets and (ii) the amount of such allocation of Funds' assets (subject to restrictions on its activities set forth in the applicable investment management agreement or similar agreement and any written investment guidelines). Because of the differences in Fund investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Funds in allocations made to Underlying Funds. The Adviser may consider the following factors, among others, in allocating the client assets among Underlying Funds: (i) Fund investment objectives and strategies; (ii) Fund risk profiles; (iii) tax status and restrictions placed on a Fund's portfolio by the Fund or by applicable law; (iv) size of the Fund account; (v) strategy and liquidity of the Underlying Funds; (vi) size of available position; (vii) current market conditions; (viii) account liquidity, account requirements for liquidity and timing of cash flows and (ix) any other information determined to be relevant to the fair allocation of securities. Although it is the Adviser's policy to allocate investment opportunities to eligible Funds on a pro rata basis (in the order of the dates of the Funds' respective initial closings and based on the amount of uncommitted capital allocable by the Funds as discussed in Item 6 above), these factors may lead the Adviser to allocate securities to the Funds in varying amounts. Even the Funds that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on the above factors.

Item 17. Voting Client Securities

The SEC adopted Rule 206(4)-6, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because of the nature of the Adviser's current investment strategies, it is highly unlikely that the Adviser would purchase voting equity securities. Nevertheless, in compliance with such rules, the Adviser has adopted proxy voting policies and procedures. The Adviser's general policy is to vote proxy proposals, amendments, consents or resolutions relating to all investments made by the Funds or other accounts in a manner that serves the best interests of the Funds or other accounts advised by the Adviser.

Investors may obtain information regarding proxy voting, including the Adviser's policies and procedures, by writing to Metropolitan Real Estate Equity Management, 650 Fifth Avenue, 29th Floor, New York, New York 10019, Attn: Investor Relations.

Item 18. Financial Information

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. At this time, the Adviser is not aware of any financial condition that could impair its ability to meet its contractual obligations to any Fund. The Adviser has not been the subject of any bankruptcy petitions, including in the past 10 years.

Additional financial information is also available in current public filings with the SEC for The Carlyle Group L.P. (see www.carlyle.com, go to the “Financial Information” portion of the “Public Investors” page).