

**Item 1. Cover Page**

**Bain Capital Real Estate, LP**

**200 Clarendon Street  
Boston, MA 02116**

**Part 2A of Form ADV: Firm Brochure  
May 2018**



**This brochure provides information about the qualifications and business practices of Bain Capital Real Estate, LP. If you have any questions about the contents of this brochure, please contact us at (617) 516-2318. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Bain Capital Real Estate, LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

Disclosures updated to reflect commencement of Bain Capital Real Estate, LP operations.

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## **Item 4. Advisory Business**

For purposes of this brochure, unless otherwise noted, the “Adviser” means Bain Capital Real Estate, LP, a Delaware limited partnership, which is wholly owned by Bain Capital, LP (“Bain Capital”). The Adviser provides investment advisory services to pooled investment vehicles (the “Funds”)<sup>1</sup> that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). As the investment adviser of the Funds, the Adviser, along with each Fund’s General Partner (each, a “General Partner”), identifies investment opportunities for, and participates in the acquisition, financing, development, management, monitoring and disposition of investments of, each applicable Fund. Bain Capital Real Estate also provides investment management services to clients in separately managed accounts. The Funds and separately managed accounts are referred to collectively as “Clients.”

The primary focus of the Adviser’s investment advisory activity is researching and advising on real estate and real estate-related investments. Such investments may take the form of privately negotiated investment instruments including unregistered equity from both U.S. and non-U.S. issuers or investments, direct or indirect investments in real estate assets or real estate-related assets, real estate related debt instruments, corporate securities, real estate funds and in joint ventures investing in real estate or real estate-related assets, including investments in office buildings, retail, multifamily residential, senior housing, student housing, industrial, hotels and industrial facilities and in companies associated with such facilities (collectively, “Assets”). Although the focus of each Client is primarily on real estate and real estate-related investments, the Adviser may from time to time recommend other types of investments consistent with the respective Client’s investment strategy and objectives.

The Adviser provides investment advisory services to the applicable Clients pursuant to separate investment and advisory agreements (each, an “Advisory Agreement”). With respect to the Funds, investment advice is provided by the Adviser directly to the applicable Funds, subject to the direction and control of the affiliated General Partner of such Fund and not individually to the investors in the Funds.

Any restrictions on investments are established by the General Partner of the applicable Fund and are set forth in the documentation received by each limited partner prior to investment in such Fund. Currently there are no restrictions on the types of investments, companies or assets in which a Fund may invest.

The Adviser commenced operations in 2018. As of March 31, 2018, Bain Capital Real Estate manages approximately \$3,308,949,000<sup>2</sup> of client assets, all of which are managed on a discretionary basis.

## **Item 5. Fees and Compensation**

As compensation for investment advisory services rendered to the Clients, the Adviser generally receives from each applicable Client an annual management fee payable. Advisory Fees billed to Bain Capital Real Estate Clients vary client by client and are generally payable quarterly in advance, quarterly in arrears, semi-annually in arrears, or a combination thereof. Management fees paid by a Fund are indirectly borne by the

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<sup>1</sup> Where applicable, includes wholly owned subsidiaries and AIVs related to transactions with Funds.

<sup>2</sup> Bain Capital Real Estate does not have ultimate investment discretion with respect to the assets of any Bain Capital Real Estate Fund, as such discretion is retained by the applicable General Partner of each Bain Capital Real Estate Fund. Assets under management reflect the estimated net asset value of assets as of 12.31.17 managed by Bain Capital Real Estate upon commencement of operations on 2.1.18.

investors in such Fund.

The precise amount, and the manner and calculation, of the management fee for each Client is established by the Adviser and is set forth in such Client's Advisory Agreement, limited partnership agreement, client agreement (or analogous organizational document) and/or other documentation received by each investor prior to investment in such vehicle. Fees may differ from one Client to another, as well as among investors in the same vehicle.

Upon termination of an Advisory Agreement, appropriate treatment, including, where applicable, returning prepaid management fees on a prorated basis, will be given to all management fees collected in advance. As described below, the management fee may be reduced in some circumstances in connection with the receipt by the Adviser or its related persons of various fees paid by actual or prospective portfolio investments. The management fee is generally subject to waiver or reduction by the Adviser in its sole discretion, including in connection with investments made by the General Partners or their related persons. The fee structures described above may be modified from time to time.

To the extent not paid by portfolio companies or other investment vehicles a Client shall bear its expenses. Expenses borne by a Client may vary among the Clients. Please refer to the limited partnership agreement, client agreement (or analogous organizational document) of the applicable Client for details regarding the practices of such Client.

Each Fund bears all of its organizational, operational, and offering expenses and obligations, which include:

- (a) all investment-related expenses, including expenses relating to identifying (including any finder's fees); evaluating; valuing; researching; investigating; structuring; diligencing; monitoring; hedging; purchasing, holding, selling (or potentially selling), refinancing (including any brokerage fees or expenses), in each case, including with respect to investments in platform companies or add-on acquisitions; or restructuring investments and potential investments (whether or not completed) (including lodging, travel (including the use of first class or business travel), transportation, meals, entertainment and other similar expenses relating to the foregoing);
- (b) all expenses of the Fund incurred in connection with the ongoing operation and administration of the Fund, including any legal, tax, auditing, accounting, domiciliation, consulting fees, bookkeeping, record keeping and clerical services to the Fund (performed by internal staff of the Fund's Adviser or the Fund's General Partner, affiliates of or entities established by the Fund's Adviser or the Fund's General Partner or by third parties; *provided* that the amount charged to the Fund for such services by internal staff may be capped at a certain dollar amount);
- (c) all financing fees; taxes and expenses associated with the Fund's financial statements or tax reporting (including tax information, returns, elections, investigations, settlements, reviews and audits); expenses incurred in connection with the maintenance of the Fund's books and records, account holder diligence or the preparation and delivery of wires, financial and other reports, circulars, forms, notices, valuations, investment summaries and other information (including courier and delivery expenses); expenses incurred by general partner or designee as tax matters representative in connection with the Fund and expenses incurred in connection with the dissolution and liquidation of the Fund;
- (d) expenses and fees of any administrator, and/or depository;

- (e) all fees, costs and expenses of professionals (including industry executives, advisors, consultants (including operating and sourcing consultants), operating executives, subject matter experts or other persons acting in a similar capacity) who provide services to the Fund and/or its portfolio companies, including services related to the development of investment theses and investment opportunities in a given sector or deal analyses (in each case which services may, for the avoidance of doubt, be provided prior to the commencement of an investment);
- (f) research expenses (e.g., news and quotation subscriptions and market research, conference expenses related to developing potential investment ideas, trends and themes within industries, sectors or geographies), information technology expenses (including technology service providers) and expenses related to acquiring, developing, implementing or maintaining related software;
- (g) all fees, expenses and costs in connection with any legal and/or regulatory compliance and any government and/or regulatory filings related to a Fund's offering of interests in the Fund or the Fund's investments (including regulatory filings of the General Partner, the Fund Adviser and their affiliates relating to the Fund, including any Alternative Investment Fund Management Directive ("AIFMD") filings and any charges levied pursuant to the exercise of cross border management and marketing passports) whether, for the avoidance of doubt, they are incurred once or on a periodic basis during the life of the Fund;
- (h) all expenses related to advisory board meetings (including travel and other expenses) and costs and expenses incurred in relation to obtaining consents or approvals of the Fund investors or the advisory board;
- (i) any costs, losses, damages or other expenses relating to any warranties or indemnities given by the Fund in relation to any investments, including where a claim has been made in respect of such warranties or indemnities;
- (j) all costs of all subsidiaries, AIVs and other vehicles and special purpose entities through which investments are held or managed (including, but not limited to master holding companies or similar serving as a regional platform for the Fund's investments) including costs associated with establishing and administering such entities (including any depositary, central administration, auditor and expenses for administering an entity), maintaining a permanent residence in certain jurisdictions (such as rent for office space, related overhead and employee salaries and benefits) and winding up and dissolving such entities;
- (k) all costs and expenses incurred in connection with the preparation of amendments to the limited partnership agreement or other documentation of the Fund;
- (l) all costs and expenses incurred in connection with or incidental to the incurrence or refinancing of any credit facility or other indebtedness, guarantees by or other obligations of the Fund; *provided* that such expenses will not be allocated to any limited partners that do not participate in, or benefit from, such borrowings, guarantees or other obligations;
- (m) management fees;
- (n) offering expenses up to the applicable offering expenses cap;
- (o) costs and expenses of administering side letters entered into with Fund limited partners (including the process of distributing and implementing applicable elections pursuant to any "most-favored nations" clauses in side letters);

- (p) all reasonable travel expenses incurred in connection with the Fund's affairs;
- (q) all out-of-pocket expenses incurred in connection with the collection of amounts due to the Fund from any person;
- (r) all expenses incurred in connection with the obtaining and maintaining of insurance policies by or on behalf of the Fund, investments of the Fund (unless borne by the relevant portfolio company), the Fund General Partner or the Fund Adviser with respect to the Fund, including the allocable portion of any insurance policies that provide the Fund General Partner and/or the Fund Adviser with coverage covering multiple funds, personnel or liabilities, including with respect to the Fund;
- (s) all expenses incurred in connection with a purchase, sale, assignment, pledge or transfer of a Fund limited partner's interest in the Fund or the withdrawal or termination of a Fund limited partner (but only to the extent not paid by the applicable purchaser or Fund limited partner, assignee, pledgee or transferee, as the case may be);
- (t) all costs and expenses associated with a defaulting Fund limited partner (but only to the extent not paid by the applicable defaulting Fund limited partner);
- (u) any taxes, or any expenses, penalties or liabilities which are not allocated to one or more Fund investors;
- (v) all expenses incurred in connection with any proceeding involving the Fund (including the cost of any investigation and preparation) and the amount of any judgment, fine or settlement paid in connection therewith; and
- (w) all indemnification obligations and any other indemnity, contribution, or reimbursement obligations of the Fund with respect to any person, whether payable in connection with a proceeding involving the Fund or otherwise (collectively, "Fund Expenses").

For the avoidance of doubt, similar expenses incurred with respect to any feeder vehicle will also be considered Fund Expenses. The foregoing will be considered Fund Expenses whether incurred directly by the Fund or by the Fund General Partner, the Fund Adviser or any of their affiliates on behalf of the Fund. The Fund will bear its pro rata share of out-of-pocket expenses (including rent, compensation and board expenses) directly relating to fund administrative services performed by the Fund Adviser or their affiliates and fund administrative service companies and other special purpose entities maintained by the Fund Adviser, the Fund General Partner or affiliates of or entities established by the Fund Adviser, the Fund General Partners, in certain jurisdictions required or desirable in connection with investments.

The General Partner will notify the Advisory Board at least annually to the extent that members of Bain Capital Real Estate or its affiliates are engaged to provide services to the Funds, portfolio investments or investment vehicles (including Property Level Services), the fees and expenses of which are deemed to be Partnership Expenses.

Each Fund General Partner and each Fund Adviser will each pay its normal operating expenses, including salaries and employee benefit expenses of employees and related overhead (including rent, utilities, office expenses, travel expenses not allocated to the Fund as described herein and other similar items) and all fees and expenses incurred in connection with each Fund General Partner's and each Fund Adviser's compliance with any applicable ongoing regulatory requirements, excluding in each case those requirements that are imposed as a result of the organization or operation of the Fund (including, but not limited to, those fees referred to in sub-paragraph (g) above) and certain material and other expenses as described in the limited

partner agreement.

The appropriate allocation of expenses and fees among the Clients, any feeder vehicles, parallel vehicles, other Related Funds (as defined in Item 10 below) and any other persons or entities that may invest or co-invest with the Client in one or more investments will be determined by the Fund General Partners and the general partners (or similar governing entity) of such other funds or accounts that invest alongside the Funds in good faith and in a manner consistent with the limited partnership agreements (or analogous organizational documents) of such other investing entities. It is possible that there may be no other entity that has agreed to share expenses with a Client if the investment is not consummated, with the result that a Client may bear all of the expenses relating to that potential investment (including potentially additional costs associated with a potential co-investment), notwithstanding that other funds or third parties may have benefitted from the opportunity to review, investigate and otherwise assess that potential investment, or that such other funds or third parties may be entitled to receive all or a portion of any termination fees paid in respect of such unconsummated co-investment. Fees Received by Affiliated Broker-Dealer

Bain Capital Distributors, LLC (“Bain Capital Distributors”), an affiliate of the Adviser, is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority (“FINRA”). Bain Capital Distributors places securities and instruments issued by certain private investment funds that the Adviser and its affiliates manage.

When Bain Capital Distributors acts as the placement agent for a fund in respect of securities or instruments issued by a fund, no commission or other compensation is received by Bain Capital Distributors from such fund or their investors for such service.

#### *Other Fees*

The Clients may participate in investments that will incur fees related to services provided by other entities affiliated with the Adviser or the operating partner of a joint venture arrangement or owned by Related Funds, including but not limited to property management services, leasing services, corporate support services, statutory services, transaction support services (including but not limited to coordinating with brokers, lawyers, accountants and other advisors, assembling relevant information, conducting financial and market analyses, and coordinating closing procedures), construction and development management, site management and mortgage management and servicing, and asset management of REO, REIT compliance and shareholder administration consulting and brokerage, capital markets/credit origination, property and/or other types of insurance, acting as a trustee, acting as a paying agent and within one or more such categories, providing services in respect of asset and/or investment administration, accounting, technology, tax preparation, finance (including but not limited to budget preparation and preparation and maintenance of corporate models), treasury, operational coordination, risk management, insurance placement, human resources, legal and compliance, valuation, and reporting-related services.

The Adviser and its affiliates may, from time to time, participate in underwriting or lending syndicates with respect to the portfolio investments, or otherwise be involved in arranging financing (including loans) to portfolio investments or advice on such transactions. For instance, a client of an affiliate of the Adviser could make a loan with respect to a property. The Clients will from time to time incur certain fees or other obligations as a result of the foregoing activities (including, without limitation, underwriting fees, discounts, placement commissions, lending arrangement and syndication fees or related discounts).

The Adviser may receive fees associated with capital invested by co-investors relating to Client’s portfolio



investments. These fees may be in connection with a joint venture arrangement in which the Clients participate or similar arrangements with respect to assets or other interests retained by a seller or commercial counterparty. These fees do not offset the management fees.

The Adviser and its affiliates may, from time to time, perform certain services for, and will receive fees in respect of such services from, actual or prospective real-estate related operating companies or other deal-related investment vehicles of the Clients. For such services, the Adviser or its affiliate may receive periodic fees, transaction fees, and reimbursement of out-of-pocket expenses incurred in connection with the provision of such services. For further details on these other fees received by the Adviser and its affiliates, and the related conflicts of interest arising from receipt of such fees, please see “Conflicts Relating to the Adviser, General Partners of the Clients and Certain Affiliate Advisers” in Item 10.

Additionally, please see Item 6 below regarding “carried interest” that the Clients may pay.

Although the Adviser does not generally utilize the services of broker-dealers for transaction-related services, in the event that the Adviser chooses to use a broker-dealer for limited purposes relating to a particular Client, such Client will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

#### **Item 6. Performance-Based Fees and Side-By-Side Management**

A portion of each Fund’s net investment profit is allocated to the capital account of its General Partner as “carried interest.” Each General Partner of a Fund is a related person of the Adviser. Carried interest may differ from one Fund to another, as well as among investors in the same Fund.

The payment by Funds of carried interest at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying carried interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the limited partnership agreements of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously, and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 10 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Adviser.

#### **Item 7. Types of Clients**

The Adviser currently provides investment advisory services to the Clients. For Funds, investment advice is provided directly to the applicable Funds subject to the direction and control of the General Partner of such Fund and not individually to the limited partners of such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in Funds may include high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, sovereign wealth funds, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other business entities.

Although the Adviser does not impose minimum dollar values on creating a Fund, legal eligibility requirements must be met. Minimum investment commitments may be established for limited partners in Funds. The General Partner of each Fund, in its sole discretion, may permit investments that are less than

the required minimum investment commitment set forth in the applicable fund documents of such Fund.

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

### **Methods of Analysis and Investment Strategies**

#### ***Investment Strategy.***

The Adviser employs a range of investment strategies in managing its Clients' assets, which includes primarily identifying and investing in the Assets, including but not limited to, single real estate assets, portfolios of real estate assets, real estate portfolio companies and other real estate and real estate-related debt and equity assets, seeking to provide attractive risk-adjusted returns. The Adviser will pursue specific investment objectives and strategies for each Client as set out in such Client's limited partnership agreement (or analogous organizational documents). The Adviser seeks to improve assets through value-oriented capital improvements, and will focus on acquiring, developing or redeveloping a broad range of property types throughout the U.S., Europe and Asia and other locations permitted by the specific Client. The Adviser's investment team evaluates real estate products for investment by the Funds with a focus on asset and sector selection and conducts due diligence as described below prior to making any investment.

#### ***Methods of Analysis.***

Prior to making an investment in an Asset, the Adviser carries out fundamental analysis on the Asset, its market and its go-forward expected performance, and ultimately the return potential of the investment, as well as the potential risks.

##### **1. Market and Asset Position within Market:**

In performing diligence on an investment, the Bain Capital Real Estate team tours the relevant market, the competitive buildings and the target investment to understand the market and the asset's competitive position within the market.

- **Market Definition:** The Bain Capital Real Estate team assesses how the identified demand drivers underlying the applicable investment strategy apply to the target market and submarket. It then performs a deep analysis of the competitive supply (current, anticipated and potential) that is meeting or could meet this demand. Assessing the demand and supply in this narrow market helps us understand whether our strategy can be effective in the applicable market.
- **Competitive Position:** In an attractive market, the Bain Capital Real Estate team identifies its target investment's relative position in the market, incorporating factors such as location, access, quality of the physical building/efficiency of the floorplates, attractiveness of and proximity to amenities, submarket growth patterns, and ability to improve the operations and/or physical condition of the building.
- **Plan for Strategic and Operational Improvement:** Bain Capital Real Estate is attracted to investments where diligence has identified opportunities for physical or operational improvement. Bain Capital Real Estate is particularly focused on buildings that are well located but poorly operated, un-renovated, outmoded or that could benefit from a change in use.

- **Financing and Exit Analysis:** Prior to making an investment, Bain Capital Real Estate fully explores the availability and cost of acquisition financing and the alternative options for future liquidity and exits. Assets with fewer liquidity alternatives are discounted more heavily, and are assigned a higher exit capitalization rate. For these investments, cash flow yield can become more important.

## 2. Technical Due Diligence:

- **Physical and Environmental:** In addition to the detailed, technical analysis on property condition performed by our team, we also engage a third-party engineering firm to complete a “Property Condition Report”. This physical diligence allows us to assess costs and related risks and can lead to renegotiation of purchase price with a seller. In addition, for each acquisition an environmental site assessment report will be provided by a qualified consultant to determine whether there are any environmental concerns at the site.
- **Regulatory, Tax, Legal, Accounting:** Our team reviews technical reports prepared by third-party experts on Title, Survey, and Zoning/Entitlements/Permits/Licenses. In many cases, Bain Capital Real Estate will engage specialists to assist us with other technical diligence matters. For example in some markets, a seismic report is produced. In addition, for development projects Bain Capital Real Estate will work with many different experts to fully understand the opportunity and risks.
- **Tenant Diligence:** Where there are existing tenants in-place Bain Capital Real Estate assesses the credit of those tenants and reviews and abstracts leases and tenant files. Bain Capital Real Estate also holds tenant interviews to determine contractual or non-observable underlying issues that could impact our business plan.

## 3. Upside Potential and Downside Risk:

- **Opportunities for Upside:** Bain Capital Real Estate looks for investments where there is significant potential for an asymmetric upside through multiple value drivers. Accordingly, Bain Capital Real Estate performs a risk assessment of the potential magnitude, probability and timing of the upside opportunity. For example, Bain Capital Real Estate may purchase a property that has excess land available for future potential development without assigning any value to that land.
- **Downside Risk:** Bain Capital Real Estate’s approach incorporates a balance of assessing upside potential alongside specific analysis of risk and downside scenarios across a range of macro and micro drivers. Bain Capital Real Estate performs a sensitivity analysis showing returns over a variety of down-side scenarios and perform a “break-even” analysis.

The Adviser follows the same methods of analysis for co-investments as it does for investments in real estate assets through joint venture structures with its operating partners.

## Risks

Investing in real estate assets involves a substantial degree of risk. Bain Capital Real Estate Clients are in a position to lose all or a substantial portion of their investments, and Clients must be prepared to bear the risk

of loss of their investments therein.

References to “Funds” throughout the risk factors and conflicts of interest identified below apply broadly to all Clients except for those specifically related to investing in a private fund.

Different risks may exist with respect to investments in different Funds.

The risks associated with an investment in any particular Fund may be substantially impacted by the nature and timing of the market.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of investments typically made by Funds in connection with those strategies and methods, include the following:

### ***Risks Related to Investing in a Private Fund***

#### ***Illiquid, Long-Term Investment***

An investment in a Fund is speculative and volatile, requiring a long-term commitment with no certainty of return. In most cases, a Fund’s investments will be long-term in nature and may require many years from the date of investment to the date of disposition. During that time, a portfolio investment may not distribute any dividends, royalties or other income to a Fund, and, as a result, investors should not expect to receive any distributions from a Fund for an extended period of time. A Fund’s investments are considered highly speculative and may result in the loss of a Fund’s entire investment. Because a Fund may only make a limited number of investments and because many of a Fund’s investments may involve a high degree of risk, poor performance by a few of the investments could significantly reduce the total returns to the limited partners.

#### ***Reliance on the Adviser***

An investor must rely on the Adviser’s ability to identify and make investments consistent with the Funds’ investment objectives and policies. The Adviser may be unable to find a sufficient number of attractive opportunities to invest the Funds’ committed capital or meet its investment objectives. Further, there can be no assurance that what the General Partners or the Adviser perceive as an attractive investment opportunity will not, in fact, result in substantial losses due to one or more of a wide variety of factors. Investors have no right or power to take part in the management of the Funds. Investors will not receive the detailed financial information issued by portfolio investments which is available to the General Partners and the Adviser. Accordingly, no person should purchase limited partnership interests unless such person is willing to entrust all aspects of the management of the Adviser to the General Partners and the Adviser.

The loss of the services of one or more of the members of the professional staff of the Adviser could have an adverse impact on the Funds’ ability to realize its investment objective. In addition, it is expected that all of the officers and employees responsible for managing or advising the Funds will continue to have responsibilities with respect to other funds and accounts managed and advised by the Adviser. Thus, such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other funds and accounts. In addition, the limited partnership agreement and the investor management agreement will limit the circumstances under which the General Partners, the Adviser and their respective affiliates can be held liable to the Funds. As a result, limited partners may have a more limited right of action in certain cases than they would in the absence of such provisions.

### *Repayment of Certain Distributions*

The governing documents require limited partners to make contributions to the Funds with respect to liabilities and losses of the Funds incurred while they were limited partners. Pursuant to the governing documents, limited partners may also be required to pay to the Funds amounts that are required to be withheld or paid by or in respect of the Funds for tax purposes.

### *Senior Advisors and Third Party Service Providers*

The General Partners and the Adviser may retain third parties to provide services in relation to the Adviser's investment activities and operations. In particular, senior advisors may be retained to provide sourcing, consulting or advisory services, including services related to the development of investment theses and investment opportunities in a given sector or deal analyses (in each case, services may, for the avoidance of doubt, be provided prior to the commencement of an investment). Additional third party consultants, legal advisors, accountants, investment banks and others may be retained to assist in the investment due diligence process to varying degrees depending on the particular investment. In addition, the General Partners and the Adviser may retain one or more individuals in connection with establishing platforms for investments, operating portfolio investments or providing other similar services (such individuals, senior advisors and other third party experts, advisors or consultants, "Service Providers"). Such involvement of Service Providers may present a number of risks primarily relating to the General Partners' reduced control of the functions that are outsourced. The General Partners and the Adviser may rely on the findings of Service Providers in making investment and management decisions. While no Service Provider providing services to the Adviser will have any fiduciary duties to the Adviser or the limited partners, they may be entitled to indemnification under the terms of their service contracts or other arrangements entered into with the Funds, the General Partners or the Adviser, which costs and expenses of such indemnification would be borne by the Funds. In certain circumstances, Bain Capital and its employees may have other relationships with Service Providers which makes the General Partners or the Adviser more likely to engage that Service Provider. Fees paid to Service Providers may be structured in various manners, including but not limited to, as a retainer, as incentive compensation (success fees), or based on the particular services provided. These fees will be borne by the Funds and will not reduce the management fees owed to the Adviser. Service Providers may also be granted preferential equity interests in one or more portfolio investments, which they may not have received if they did not have an ongoing relationship with the Adviser and the Funds. Any such preferential equity interests will not be for the benefit of the Adviser, and the value of such preferential interests (including any such stock options) will not reduce the management fees owed to the Adviser even if the payment of such fees or granting of such preferential equity interests have the effect of reducing payments to such third parties by the Adviser.

### *Failure of Limited Partners to Fund Their Commitment Obligations*

The Funds' investment activities will require capital calls over an extended period of time. If a limited partner fails to pay installments of its capital commitment and the payments made by non-defaulting limited partners and borrowings by a Fund are inadequate to cover the defaulted amounts, a Fund may be unable to pay its obligations. As a result, a Fund's ability to complete its investment program or otherwise to continue operations may be substantially impaired and the returns realized by all the limited partners (including non-defaulting limited partners) may be materially adversely affected. Similar adverse effects may arise from a default by an investor in a parallel vehicle or feeder vehicle. Further, failure by a limited partner to meet a capital call could result in the failure of a Fund to make desired investments, which could have adverse

consequences for a Fund and all of the limited partners. In the event that a limited partner defaults, such limited partner may be subject to various penalties, including forfeiture of a portion of its interest, as provided in the limited partnership agreement of the applicable Fund.

### *Excuse and Exclusion*

In the event of the excuse or exclusion of one or more limited partners, the limited partners not excused or excluded from such investment may be required to make additional capital contributions to make up for such shortfall, and their exposure to such investments (or category of investments) may be more concentrated. In addition, the General Partner may in its discretion determine to increase the participation of such excused or excluded limited partners in future investments which may result in such limited partners having increased exposure to other investments and/or having a greater percentage of capital commitments undrawn. Management fees payable by such excused or excluded limited partners will be calculated after the step-down date on such excused or excluded limited partner's share (without giving effect to any excuse or exclusion) of the total invested capital of the Funds without taking into account any excuse or exclusion.

### *Valuation Risks*

The Adviser values its investments at estimated fair value as determined in good faith by the applicable General Partners of the Funds. Due to the generally illiquid nature of the investments held, fair values determined by the applicable General Partners may not reflect the prices that actually would be received when such investments are realized, and such difference between the fair value determination and the ultimate sales price could be material. The process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such investments and may differ from the prices at which such investments may ultimately be sold. Most portfolio investments are expected to be difficult to value and subject to determinations and judgments. If the opinion of the General Partners as to the value of an investment is incorrect or not shared by other market participants, the returns of the Funds will be adversely affected. Furthermore, with respect to the Funds, the exercise of discretion in valuation by the Adviser may give rise to conflicts of interest, as management fees and carried interest in certain Funds is calculated based, in part, on these valuations and such valuations affect performance return calculations. In addition, the General Partners may or may not value the investments differently with how the same or similar investments are valued by the general partners of the other Related Funds.

### *In Kind Distributions*

Although the Funds expect to distribute primarily cash to limited partners, the Funds may make distributions in kind in the circumstances noted in the governing documents. In the event that distributions are made of property other than cash, the amount of any such distribution will be accounted for as provided in the governing documents. Investments distributed in kind may not be readily marketable or saleable and may have to be held by limited partners for an indefinite period of time. Such distributions may include interests in one or more investment vehicles or special purpose vehicles holding, directly or indirectly, the real estate or related assets that are being held or that were held by the Funds.

### *Leverage*

In seeking to enhance returns on invested capital, the General Partners may cause the Funds to borrow funds to make investments as well as to defer calling committed capital, provided that each Fund, acting on its own or jointly with one or more other parallel vehicles, is expected to obtain any indebtedness indirectly through wholly-owned or joint investment holding vehicles or other subsidiaries of the Funds and any parallel vehicles that benefit from the leverage. This indebtedness may be structured in a way that the Funds and any parallel vehicles are jointly responsible on a cross-collateralized basis for the repayment of the indebtedness. In the event of a failure to pay or other event of default by a parallel vehicle, the lenders could require the limited partners to cover the defaulted amount attributable to the parallel vehicles. Finally, lenders could require the Fund to sell some or all of its investments, or could foreclose on those investments prematurely, causing the Funds to suffer losses.

The extent to which the Funds use leverage may have important consequences to the limited partners, including the following: (i) greater fluctuations in the net assets of a Fund; (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes; (iii) to the extent that a Fund's income is required to meet principal payments, the limited partners may be allocated income (and therefore incur tax liability) in excess of cash available for distribution; (iv) a Fund may be required to prematurely harvest investments or may determine to call capital from the limited partners to service its debt obligations; (v) limitation on the flexibility of a Fund to make distributions to its limited partners or sell assets that are pledged to secure or otherwise support the indebtedness; (vi) increased interest expense if interest rate levels were to increase significantly; (vii) impairment of the liquidity or losses arising from the premature sale of the investments pledged to secure or otherwise support such indebtedness; and (viii) potential adverse tax consequences. There can also be no assurance that the Funds will have sufficient cash flow to meet its debt service obligations. In addition, certain types of financing obtained by the Funds may include margin call or similar mandatory prepayment provisions that allow the financing provider to demand partial or full repayment of the financing if certain events occur, such as a significant reduction in the value of the investments provided by the Funds to secure or otherwise support such financing. If the Funds are unable to meet such a margin call or prepayment obligation, they may forfeit their interest in the collateral securing such financing and / or may be required to liquidate investments at disadvantageous prices in order to raise the funds needed to repay the financing.

There can be no assurance that the Funds will be able to obtain indebtedness on terms similar to terms available to competitors, including terms which may be currently available in the market, or that indebtedness will be accessible by the Funds at any time, and to the extent that it is available there can be no assurance that such indebtedness will be on terms favorable to the Funds. The failure by the Funds to obtain indebtedness on favorable terms (or at all) could adversely affect the returns of the Funds.

### *Leveraged Investments*

While investments in highly leveraged assets offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Some of the Funds' investments may involve high degrees of leverage, including borrowing at one or more levels of the investment structure or as a result of implicit leverage through derivative transactions. Recessions, operating problems and other general business and economic risks can have a more pronounced effect on the profitability or survival of highly leveraged companies.

Portfolio investments often issue certain types of debt in connection with leveraged acquisitions or recapitalizations in which the portfolio investment incurs a substantially higher amount of indebtedness than the level at which it had previously operated. Leverage generally has important consequences to these

portfolio investments and a Fund as an investor. For example, the substantial indebtedness of a portfolio investment could: (i) limit its ability to borrow money for its working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes; (ii) require it to dedicate a substantial portion of its cash flow from operations to the repayment of its indebtedness, thereby reducing funds available to it for other purposes; (iii) make it more highly leveraged than some of its competitors, which may place it at a competitive disadvantage and (iv) subject it to restrictive financial and operating covenants, which may preclude it from favorable business activities or the financing of future operations or other capital needs.

A leveraged portfolio investment's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, a portfolio investment with a leveraged capital structure will be subject to increased exposure to adverse economic factors, such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of that portfolio investment or its industry. If a portfolio investment is unable to generate sufficient cash flow to meet all of its obligations, it will generally take alternative measures (e.g., reduce or delay capital expenditures, sell assets, seek additional capital, or seek to restructure, extend or refinance indebtedness), and a Fund is likely to suffer a partial or total loss of capital invested in the portfolio investment. These actions will often negatively affect a Fund's investment in such a portfolio investment.

A Fund's ability to achieve attractive rates of return on investments will depend on the ability of its portfolio investments to access sufficient sources of debt at attractive rates, including high yield debt. However, availability of capital from the debt markets is subject to volatility from time to time, and there may be times when a Fund might not be able to access those markets at attractive rates, or at all, when completing an investment. Also, increased interest rates generally increase portfolio investment interest expenses. In the event a portfolio investment cannot generate adequate cash flow to meet its debt service obligations, a Fund is likely to suffer a partial or total loss of capital invested in the portfolio investment.

### *Guarantees of Portfolio Investments*

The Funds and their investment holding vehicles or other subsidiaries may guarantee the obligations of portfolio investments. If a portfolio investment for which a Fund has guaranteed debt obligations defaults on its obligations, a Fund may be required to satisfy such obligation. In order to do so, a Fund may call capital, recall distributions or liquidate some or all of its investments prematurely at potentially significant discounts to fair value. For example, in connection with certain investments, the Funds may provide completion or performance guarantees. In such cases, the Funds may be required to indemnify the General Partner, the Adviser and their employees and affiliates for any losses incurred in connection with such guarantee. In addition, certain financing arrangements with respect to the investments of the Funds may require "bad act" guarantees, and in the event that such a guarantee is called, the assets of a Fund could be adversely affected. "Bad act" guarantees typically provide that the lender can recover losses from the guarantors for certain bad acts, such as fraud or intentional misrepresentation, intentional waste, willful misconduct, criminal acts, misappropriation of funds, voluntary incurrence of prohibited debt and environmental losses sustained by lender. Moreover, "bad act" guarantees could apply to actions of Joint Venture Partners, parallel vehicles, or any other investment vehicles associated with the portfolio investments of the Funds. The General Partners expect to negotiate indemnities from such parties to protect the Funds against such risks, and conversely expects that such parties would similarly negotiate indemnities from the Funds. Accordingly, there remains the possibility that the acts and/or liabilities of such parties could result in liability to one or more assets of the Funds under



such guarantees and indemnity arrangements.

### *Bridge Investments*

From time to time, the Funds may lend to portfolio investments on a short-term, unsecured basis or may otherwise invest in a portfolio investment on an interim basis with the expectation of a subsequent refinancing or sell down. Investments made by the Funds with the intention of realizing all or a portion of such investment within 18 months are referred to as Bridge Investments. For reasons not always in a Fund's control, such refinancing or sell down may not occur, which would result in the Bridge Investment remaining outstanding longer than anticipated. In such event the Funds may have more risk associated with such investment or a larger overall investment in such portfolio investment than originally anticipated.

### *Warehoused Investments*

Bain Capital and Related Funds may warehouse one or more investments (subject to applicable laws and regulations) for the Funds. Bain Capital or the applicable general partner of the Related Fund will determine, in its discretion, when to transfer such warehoused investments to the Funds, which will affect the amount of interest that will accrue to and be paid to Bain Capital or the Related Fund upon such transfer and/or redemption. Because the value of warehoused investments may decline prior to their transfer to the Funds, there can be no assurance that their value will not be less than their cost to the Funds, at the time of the transfer. Although the value of any investments made during this period may decline, in some cases significantly prior to the admission of such investors, the Funds will be required to repay Bain Capital or the applicable Related Fund any such amounts, plus interest.

### *Side Letters or Similar Agreements*

The General Partners, without any further act, approval or vote of any limited partner, often enter into certain side letter or similar arrangements with certain limited partners providing such limited partners with different or preferential rights or terms, including (i) different economic arrangements (including a most favored nation right to receive the same rights or arrangements offered to other fund investors that made an equal or lower capital commitment to a Fund, subject to certain exceptions, including the right to appoint a representative to the Advisory Board, consents to the use of confidential information additional reporting obligations, agreements to refrain from disclosing the names or marks of certain limited partners, rights based on particular circumstances of a limited partner and any rights established in favor of another fund investor that invests in a fund as an anchor investor or as part of a larger investment program or managed account with Bain Capital); (ii) certain limited partners receiving information more frequently than, or not otherwise provided to, limited partners generally; (iii) the ability of certain limited partners to provide selected confidential information to regulators or other recipients; (iv) modifications to a limited partner's subscription agreement; (v) agreements to permit representatives of certain limited partners to serve on an Advisory Board; (vi) the right to be offered a co-investment opportunity; (vii) the reduction or elimination of a limited partner's capital commitment; (viii) the termination of a limited partner's interest in a Fund; (ix) consent rights; (x) arrangements with respect to waivers of certain obligations, including indemnification obligations set forth in a limited partner's subscription agreement; (xi) agreements by a General Partner to refrain from exercising certain remedies or taking certain actions against a limited partner (including in connection with a default by such limited partner), if any law, rule or regulation applicable to such limited partner prohibits such limited partner from agreeing to permit such General Partner to exercise such remedies

or take such actions; and (xii) any other matter deemed appropriate by a General Partner (collectively, “Side Letter Rights”). Except as otherwise agreed with a limited partner, the Adviser, a Fund or a Fund’s General Partners are not required to disclose the terms of side letter arrangements with other fund investors.

#### *Different Terms of Employee Investors*

It is expected that certain employees and personnel of the Adviser will invest in the Funds as part of the General Partner commitment. Subject to applicable law, the terms of an investment by an employee differ from, and are more favorable than, those of an investment by an external limited partner. For example, employee investors generally will not be subject to a management fee or carried interest with respect to their investment, may receive capital calls, distributions and information regarding investments at different times than limited partners and may benefit from different credit facility arrangements than the Funds.

#### *Market Disruption Risk and Terrorism Risk*

The military operations of the United States and its allies, the instability in various parts of the world and the prevalence of terrorist attacks throughout the world could have significant adverse effects on the global economy. In addition, certain illnesses spread rapidly and have the potential to significantly affect the global economy. Terrorist attacks, in particular, may exacerbate some of the foregoing risk factors. A terrorist attack involving, or in the vicinity of, a company in which Funds invest may result in a liability far in excess of available insurance coverage. Neither the Adviser nor the General Partners can predict the likelihood of these types of events occurring in the future nor how such events may affect the Funds.

#### *Cyber Security Risk*

With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Funds and their Service Providers may be prone to operational and information security risks resulting from cyberattacks. In general, cyberattacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyberattacks against, or security breakdowns of, the Funds, the respective General Partners, the Adviser, the Funds’ custodian and/or other third party Service Providers may adversely impact the Funds or the limited partners. For instance, cyberattacks may interfere with the processing of limited partner transactions, impact the Funds’ ability to value its assets, cause the release of private limited partner information or confidential information of the Funds, impede Fund operations, cause reputational damage, and subject the Funds to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Funds may also incur substantial costs for cyber security risk management in order to prevent any cyber incidents in the future. The Funds and the limited partners could be negatively impacted as a result. While the Funds or the Funds’ Service Providers have established business continuity plans and systems designed to prevent such cyberattacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for the Funds’ portfolio investments, which could result in material adverse consequences for such issuers, and may cause the value of such portfolio investments to decrease.

#### *Projections*

The Funds will rely upon projections, forecasts or estimates developed by the Funds or a portfolio investment's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the control of the Funds. Actual events often differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates and domestic and foreign business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than those estimated therein.

### *Expedited Transactions*

Investment analyses and decisions by the Adviser may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Adviser at the time of making an investment decision may be limited. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment.

### *Reinvestment*

Under certain circumstances and subject to certain conditions, proceeds from the partial or complete liquidation of any investment may be retained and reinvested (or recalled for reinvestment) by the General Partners or used (or recalled for use) by the General Partners for any other Funds purpose. Accordingly, a limited partner may be required to fund for portfolio investments an aggregate amount in excess of its capital commitment during the term of a Fund, and to the extent such recalled or retained amounts are reinvested in portfolio investments, a limited partner will remain subject to investment and other risks associated with such portfolio investments.

### *Indemnification*

To the extent permitted by applicable law and regulation, the Funds will be required to indemnify the General Partners, the Adviser and certain persons and entities affiliated with the General Partners for liabilities incurred in connection with the Funds' affairs. These liabilities may be material and have an adverse effect on the returns to the limited partners. The Funds' indemnification obligation would be payable from the Funds' assets, including unfunded commitments of the limited partners, and the limited partners may be required to return certain amounts distributed to them to fund the Funds' indemnity obligations.

Furthermore, to the extent permitted by applicable law and regulation, the limited partnership agreements limit the circumstances under which the General Partners and the Adviser may be held liable to the Funds or the limited partners. As a result, the limited partners may have a more limited right of action in certain cases. Any insurance policies utilized by the General Partners to help mitigate the Funds' exposure to any indemnifiable costs and liabilities may be subject to certain limitations and restrictions on payments. The Funds cannot guarantee that the General Partners will be able to collect on claims against such policies. Further, the Funds may bear expenses associated with insurance policies that cover losses in situations where the General Partners or the Adviser would not be entitled to indemnification.

### *Disclosure of Information Regarding Limited Partners*

The Funds, the General Partners, the Adviser or their affiliates, service providers or agents may from time to time be required or may, in their discretion, determine that it is advisable to disclose certain information

about the Funds and their Limited Partners, including investments held directly or indirectly by the Funds and the names and level of beneficial ownership of its Limited Partners, to (i) regulatory or taxing authorities of certain jurisdictions, which have or assert jurisdiction over the disclosing party or in which the Funds directly or indirectly invest, or (ii) any counterparty of, or service provider to, the General Partners, the Adviser or the Funds. Disclosure of confidential information under such circumstances shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Funds, the General Partners, the Adviser or any of their affiliates, service providers or agents, may be prohibited from disclosing that the request has been made.

### *Confidential Information*

The limited partnership agreements will contain confidentiality provisions intended to protect proprietary and other information relating to a Fund, a Fund's investments and the underlying portfolio investments. To the extent that such information is publicly disclosed, competitors of the Fund, its portfolio investments and others may benefit from such information, thereby adversely affecting a Fund, its portfolio investments, the General Partner, and the economic interests of the investors. To protect the sensitive nature of such confidential information and in some cases based on the status of a limited partner (including limited partners that are subject to the Freedom of Information Act, as amended from time to time ("FOIA") or similar state or local law, rule or regulation), the General Partner will have the right to keep confidential from limited partners any information that such General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which such General Partner reasonably believes is not in the best interest of a Fund or could damage a Fund's investments or that a Fund is required by law or by agreement with a third party to keep confidential.

### *Operational Risk*

The Funds are subject to operational risk, including the possibility that errors may be made by the Adviser or its Affiliates in certain transactions, calculations or valuations on behalf of, or otherwise relating to, the Funds. Limited partners may not be notified of the occurrence of an error or the resolution of any error. Generally, the Adviser and its Affiliates will not be held accountable for such errors, and the Funds may bear losses resulting from such errors.

### ***Risks Related to a Fund's Investments***

#### *General Risks of Real Estate Investment*

All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. Some risks apply only to a particular Asset type. For example, real estate investments are relatively illiquid and, therefore, will tend to limit a Fund's ability to vary the Fund's portfolio promptly in response to changes in general and local economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by a Fund will not decrease in the future or that a Fund will recognize full value for any investment that the Fund is required to sell for liquidity reasons. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the investments. In addition, the ability of a Fund to realize anticipated rental and interest income on its equity and debt investments will depend on many factors, which may be beyond the control of a general partner, including the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. There is no assurance that the investments will be profitable or that cash

flow will be available for distribution to limited partners. Other risks include changes in zoning, land use, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in building and similar laws, fluctuations in energy prices and energy and supply shortages, changes in the availability of property relative to demand, changes in costs and terms of mortgage loans, unavailability of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult, changing in housing policies, financial resources of tenants, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, increased mortgage defaults, construction risks, as well as natural catastrophes, such as hurricanes and earthquakes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of a Fund's management, such as changes in U.S. and global markets that could impact, among other things, access to capital or leverage and interest rate volatility.

Additionally, after making an investment, a Fund will typically be responsible for ongoing build-outs, structural repairs, improvements and general maintenance of real property, which undertakings may require significant capital. The expenditure of any sums in connection therewith beyond those budgeted for by the Fund will reduce the cash available for distribution and may require the Fund to fund deficits resulting from the operation of a property. No assurance can be given that a Fund will have funds available to make such repairs or improvements or complete such build-outs. These factors and any others that would impede a Fund's ability to respond to adverse changes in the performance of its assets could significantly affect the Fund's financial condition and operating results.

#### *Acquisitions of Real-Estate Related Businesses*

The Funds may acquire real estate companies or other portfolio companies in order to acquire the underlying real property held by such companies. A Fund may effect such acquisitions through corporate transactions in which the Fund assumes substantially all of the liabilities of the acquired company. Such liabilities may be unknown and could include potential environmental liabilities, tax liabilities, liabilities associated with employee claims, liabilities associated with claims by tenants, vendors, and other persons relating to the former owners of the properties, liabilities relating to state of title, physical condition, or compliance with zoning laws, building codes or other legal requirements, liabilities incurred in the ordinary course of business, and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. As a result, if liability were asserted against the Funds based upon such properties, the Funds might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the Funds' cash flow and returns.

#### *Risks of Acquisition Activities*

The Funds acquire existing properties to the extent that they can be acquired on advantageous terms and meet the Funds' investment criteria. The success of a Fund depends, in large part, on the availability of a sufficient number of investment opportunities that fall within the Fund's investment objectives and the ability of the General Partner and the Adviser to identify, negotiate, close, manage and exit those investment opportunities. Acquisitions of properties also entail general investment risks associated with any real estate investment, including the risk that investments will fail to perform as expected and that estimates of the cost of improvements to bring an acquired property up to standards established for the intended market position may prove inaccurate.

A Fund's acquisition activities and their success may be exposed to the following risks:

- The general partner or the Adviser may not be able to locate and complete investment which enable the Fund to invest all of its committed capital in opportunities that satisfy the Fund's investment objectives, realize the value of these investments or fully invest the Fund's commitments;

- The Fund may incur significant expenses in connection with the identification of investment opportunities and the investigation of other potential investments that are ultimately not consummated;
- the Fund may be unable to acquire a desired property or company, or to acquire such property or company on desirable terms, because of competition from other well-capitalized real estate investors, including other real estate investment vehicles, publicly traded REITs, public and private institutional investment funds, foreign investors, various types of financial institutions and their affiliates, family groups and wealthy individuals;
- even if the Fund enters into an acquisition agreement for a property, such an agreement would typically be subject to customary conditions to closing, including satisfactory completion of due diligence investigations;
- even if the Fund is able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price paid;
- the Fund may be unable to finance acquisitions on favorable terms;
- once acquired, a property may fail to perform as the Fund projected when analyzing its investments; and
- the Fund's estimates of the costs of repositioning, re-tenanting or refurbishing acquired properties may be inaccurate.

#### *Risks Associated with Retail Properties*

An investment in office or retail properties is subject to the risk that tenants may be unable to make their lease payments or may decline to extend a lease upon its expiration. In addition, certain retail properties may be anchored by department stores and other large nationally recognized tenants, some of which have experienced, and may continue to experience for the foreseeable future, considerable decreases in customer traffic in their retail stores. As a result, their ability to meet their obligations as a tenant may be impaired and result in closures of their stores or their seeking of lease modifications. A termination of the lease of an anchor tenant could provide other tenants with the right to modify or terminate their lease. Any such modifications or conditions would be unfavorable to a Fund and would decrease rents or expense recoveries. In the event of default by any tenant, a Fund may experience delays and costs in enforcing its rights as landlord to recover amounts due to the Fund under the terms of our agreements with those parties. In addition, retail properties may be subject to additional special risks. For example, in many cases, the tenants of retail properties may negotiate leases containing certain exclusive rights to sell particular types of merchandise or services within a particular retail center. When leasing other space after vacancy by another tenant, these provisions may limit the number and types of prospective tenants for the vacant space. The failure to lease or re-lease on satisfactory terms could harm the operating results of the Funds. Furthermore, an investment may be required to decline entering into a lease with a potential tenant if such lease would result in adverse consequences to a REIT holding such investment, including because of related-party rent issues arising from a Related Fund owning, in whole or in part, an equity interest in such potential tenant.

#### *Risks Associated with Office, Industrial or Distribution Properties*

The Funds may invest in office, industrial, or distribution properties, including special use single-tenant properties. Commercial or industrial properties may be especially affected by: an economic decline in the business operated by the tenants; the physical attributes of the property and the adaptability of the property

with respect to the technological needs of the tenants; the strength and nature of the local economy, including labor costs and quality, tax environment and quality of life for employees; and patterns of telecommuting or sharing of office space, the proximity to highways and other means for the transportation of goods, and employment growth (which creates demand for office space). Moreover, the cost of refitting office space for a new tenant is often higher than the cost of refitting other types of properties for new tenants. Because of the unique construction requirements of these properties, if the current lease is terminated or not renewed, a Fund may be required to renovate the property or to make rent concessions in order to lease the property to another tenant or sell the property. In addition, a Fund may have difficulty selling the property to a party other than the tenant due to the special purpose for which the property may have been designed. These and other limitations may affect a Fund's ability to sell or re-lease office, industrial or distribution properties and may adversely affect returns to investors. If the real estate asset is a single tenant building, risks associated with that tenant's financial wherewithal and potential default will be more pronounced than in a multi-tenant building.

Properties historically used for industrial, manufacturing and commercial purposes are more likely to contain, or may have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. Investing in industrial properties that conduct industrial, manufacturing and commercial activities will cause a Fund to be subject to increased risk of liabilities under environmental laws and regulations. The presence of hazardous or toxic substances, or the failure to properly remediate these substances, may adversely affect a Fund's ability to sell or rent an industrial property.

#### *Risks Associated with Multifamily Residential Properties*

Residential related properties such as multifamily residential, senior housing and student housing may include increased risks associated with habitability related issues, applicable regulatory requirements. Additionally, certain residential properties may have a unionized workforce subject to collective bargaining agreements, which must be complied with as part of properties' operation.

Certain jurisdictions regulate the relationship of an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions and restrictions on a resident's choice of unit vendors. Apartment building owners have been the subject of lawsuits under various "Landlord and Tenant Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. There may be provisions that limit the basis on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent regulations on apartment buildings. These ordinances may limit rent increases to certain set percentages, to certain formulas, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration. Similarly, governmental assistance programs that provide rent subsidies to tenants pursuant to tenant voucher programs may influence tenant mobility and the amount of rent a tenant can pay.

#### *Risks Associated with Life Sciences / Lab Space Properties*

The Funds may make investments in life sciences / lab space properties. If the life sciences industry experiences a downturn, it could adversely affect the credit of tenants and prospective tenants in the life sciences space, the value of a Fund's investments and a Fund's ability to sell its investments for a price or on terms favorable to a Fund and its investors, which, in turn, could have a material adverse effect on a Fund's financial condition, results of operations and a Fund's ability to make distributions. Within the life sciences industry, the development of products generally is a costly and time consuming process. Many highly promising products ultimately fail to prove safe and effective. Products under development

and pre-clinical testing generally will require extensive clinical testing prior to application for commercial use. There can be no assurance that the research or product development efforts of a Fund's life science-focused tenants or those of their collaborative partners will be successfully completed, that specific products can be manufactured in adequate quantities at an acceptable cost and with appropriate quality, or that such products can be successfully marketed or achieve customer acceptance. Any of these adverse developments in a life sciences tenant's business and affairs, financial strength or ability to operate a Fund's lab facilities efficiently and effectively could have a material adverse effect on a Fund's investment results.

#### *Risks Associated with Senior Housing Properties*

The Funds may make investments in the senior housing sector. If the senior housing industry experiences a downturn, it could adversely affect the value of a Fund's investments and a Fund's ability to sell its investments for a price or on terms favorable to a Fund and its investors, which, in turn, could have a material adverse effect on a Fund's financial condition, results of operations and a Fund's ability to make distributions. In particular, private-pay senior housing is a competitive segment of the senior housing industry. Large healthcare REITs may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. These and other factors could cause the amount of a Fund's revenue generated by private payment sources to decline or the operating expenses associated with a Fund's investments to increase.

The health care industry is facing various challenges, including increased government and private payor pressure on health care providers to control costs and the vertical and horizontal consolidation of health care providers. This trend is likely to lead to reduced or slower growth in reimbursement for services provided by a Fund's facility managers at some of a Fund's senior housing facilities and could therefore result in reduced profitability. Additionally, the health care industry is highly regulated, and changes in government regulation and reimbursement in the past have had material adverse consequences on the industry in general.

A Fund's senior housing properties may be managed by or leased to third-party local managers. Any adverse developments in a local manager's business and affairs, financial strength or ability to operate a Fund's senior housing facilities efficiently and effectively, could have a material adverse effect on a Fund's investment results. For example, the facility managers utilized by a Fund to operate senior housing investments may be subject to claims that their services have resulted in resident injury or other adverse effects. The insurance coverage that will be maintained by such facility managers, whether through commercial insurance or self-insurance, may not cover all claims made against them or continue to be available at a reasonable cost, if at all. These increased costs could limit the facility manager's ability to meet their obligations to a Fund, potentially decreasing a Fund's revenue and increasing its collection and litigation costs. Additionally, failure of a Fund's senior housing facility managers to comply with licensing and certification requirements, the requirements of governmental programs, fraud and abuse regulations or new legislative developments may also materially adversely affect a Fund's investments, financial condition and results of operations and a Fund's ability to make distributions to Partners. To the extent a Fund is required to remove or replace a facility manager, a Fund's revenue from the affected facility could be reduced or eliminated for an extended period of time.

#### *Risks Associated with Self-Storage Properties*

The Funds may make investments in self-storage properties. The self-storage market generally has low barriers to entry, and in combination with the short-term nature of leases for self-storage space, results in volatility in terms of supply and demand that is likely greater than that experienced with respect to



other types of properties. It may be difficult or costly to convert a self-storage facility to an alternative use, which results in a lower liquidation value than would be the case if the property were easily adaptable to alternative uses. Self-storage facilities may pose additional environmental risks, in part due to tenant privacy, anonymity and unsupervised access to the property.

### *Risks Associated with Hospitality Properties*

The Funds may also invest in real estate assets in the hospitality sector. Because hotel rooms generally are rented for very short periods of time, hospitality properties tend to be affected more quickly by adverse economic conditions and competition than other commercial properties. Hospitality properties are also affected by other particularized factors, including: franchise affiliation (or lack thereof); continuing expenditures for modernizing, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives; a deterioration in the financial strength or managerial capabilities of the owner and operator of a hotel or motel; and changes in travel patterns caused by changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors. The performance of a hotel property affiliated with a franchise or hotel management company depends in part on: the continued existence and financial strength of the franchisor or hotel management company; the public perception of the franchise or hotel chain service mark; and the duration of the franchise licensing or management agreements. Furthermore, the ability of a hotel to attract customers, and some of such hotel's revenues, may depend in large part on its having a liquor license. Liquor licenses may not be transferable (for example, in connection with a foreclosure). Moreover, the hotel and lodging industry is generally seasonal in nature; different seasons affect different hotels depending on type and location. This seasonality can be expected to cause periodic fluctuations in a hospitality property's room and restaurant revenues, occupancy levels, room rates and operating expenses. In addition, acts of war, terrorist activities, natural disasters and environmental disasters and pandemics can have a material adverse impact on the tourism and convention industries, which directly affects the revenues generated by hospitality properties. Finally, hospitality properties are facing new and increased competition from non-traditional market players, including those focused on the sharing economy, which may disrupt the hospitality industry and reduce demand for traditional hotels.

### *Development, Redevelopment and Construction Risks*

The Funds may invest in real property requiring construction, new development or redevelopment, or in direct or indirect interests in undeveloped land or under-developed real property, including "broken" residential condominium projects, which may often be non-income producing. The development and construction of such property is subject to timing, budgeting and other risks that may adversely affect a Fund's operating results. Any renovation, redevelopment, development and related construction activities could subject a Fund to a number of risks, including risks associated with:

- construction delays or cost overruns that may increase project costs (including risks beyond the control of the Funds, such as weather or labor conditions, insolvency of building contractors, the inability of contractors to perform their obligations or material shortages);
- availability and timely receipt of zoning, occupancy and other required governmental permits, authorizations and regulatory approvals;
- development costs incurred for projects that are not pursued to completion;
- natural disasters such as earthquakes, hurricanes, floods or fires that could adversely impact a project;

- labor conditions or material shortages that may adversely impact the cost and timing of construction;
- defects in plans and specifications and the availability of both construction and permanent financing on favorable terms, or at all;
- governmental restrictions on the nature or size of a project; and
- failure to get entitlements, lawsuits and other delays.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction or development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of a Fund and on the amount of funds available for distribution to the investors. Properties under construction or development, or properties acquired to be developed, generally generate no cash flow from the date of acquisition through the date of completion of construction or development and experience operating deficits for a period after the date of completion. A Fund may commence construction, development or redevelopment activities prior to obtaining financing for such activities and there is no guarantee that financing will be available on favorable terms, or at all.

### *Geopolitical Risks*

Non-U.S. real estate investments involve certain factors not typically associated with investing in real estate-related investments in the United States, including risks relating to certain economic and political risks, such as: potential exchange control regulations, potential restrictions on non-U.S. investments, risks associated with general political, economic or social instability, the possibility of expropriation or confiscatory taxation and adverse economic and political developments. In addition, there may be differences in the legal and regulatory environment or enhanced legal and regulatory compliance requirements related to making real estate or real estate-related investments.

### *Possible Inability to Complete Renovation on Advantageous Terms*

The renovation of existing properties involves significant risks in addition to those involved in the ownership and operation of established properties, including the risks that financing may not be available on favorable terms for renovation projects and that construction may not be completed on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing such properties and generating cash flow. Substantial renovation activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. Once completed, such renovated properties may perform below anticipated levels, producing cash flow below budgeted amounts. In addition, substantial renovations, regardless of whether or not they are ultimately successful, typically require a substantial portion of management's time and attention, which could divert management's time from a Fund's day-to-day operations. The Funds anticipate that future renovation activities may be financed through construction loans, in which case there is a risk that, upon completion of construction, permanent financing may not be available or may be available only on disadvantageous terms.

### *Volatility of Property Income*

The volatility of net operating income for a property may be influenced by matters such as: the length of tenant leases; the creditworthiness of tenants; the level of tenant defaults; the ability to convert an unsuccessful property to an alternative use; new construction in the same market as the subject property; rent

control laws or other laws impacting operating costs; the number and diversity of tenants; the availability of trained labor necessary for tenant operations; the rate at which new rentals occur; and the property's operating leverage (which is the percentage of total property expenses in relation to revenue), the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants. A decline in the general economy and/or the real estate market or in the financial condition of a major tenant will tend to have a more immediate negative effect on the net operating income of properties with short-term revenue sources (such as short-term or month-to-month leases) and may lead to higher rates of delinquency or defaults under mortgage loans secured by such properties.

An investor's return will be based on the efficient operations of and steady cash flows from the properties in which a Fund invests. For example, following the termination or expiration of a tenant's lease, there may be a period of time before a Fund will begin receiving rental payments under a replacement lease. During that period, the Fund will continue to bear the expenses associated with operating real estate property. In addition, declining economic conditions may impair a Fund's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require a Fund to make capital improvements to properties that would not have otherwise been planned. Any unbudgeted capital improvements that a Fund undertakes may divert cash that would otherwise be available for distribution to limited partners. To the extent that a Fund is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact the Fund's operating results.

#### *Termination or Expiration of Leases*

A Fund's properties may be subject to existing leases with major tenants occupying a substantial portion of the properties. There can be no assurance that a Fund will be able to retain tenants in any of their respective properties upon the expiration of their leases. Upon the expiration or early termination of such leases, the availability of the large blocks of space they cover may have an adverse effect on a Fund's ability to achieve the lease terms and rents it might otherwise be able to achieve if space were to turn over in smaller portions, spread out over a period of time. If the space is suited to the particular needs of a former tenant, then a Fund may have difficulty finding a new tenant for the space or may need to redevelop such space.

#### *Unable to Lease Properties*

Any of the Fund's properties could become partially or completely vacant in the future. If a Fund is unable to re-lease these properties and generate sufficient cash flow to replace or exceed that amount lost due to the vacancy, the Fund will be required to recognize a financial loss as to that property, which could reduce the Fund's operating results and ability to make distributions.

#### *Ground Lease Investments*

A Fund may invest from time to time in real estate properties that are subject to or in ground leases. As a lessee under a ground lease, a Fund may be exposed to the possibility of losing the property upon termination or an earlier breach by the Fund of the ground lease, which may adversely impact the Fund's investment performance. Furthermore, ground leases generally provide for certain provisions that limit the ability to sell certain properties subject to the lease. In order to assign or transfer rights and obligations under certain ground leases, a Fund will generally need to obtain consent of the landlord of such property, which, in turn, could adversely impact the price realized from any such sale.

### *Risks of Joint Venture Investments.*

The Funds will make investments through joint ventures or other entities with another person or entity (including joint venture partners or other third parties and funds, separate accounts or co-investment capital managed by the Adviser), which may involve risks not present in investments where a joint venture partner is not involved, including diverging investment interests of the Fund and joint venture partner, dysfunctional management, increased costs, greater illiquidity, the possibility that a joint venture partner may have financial difficulties resulting in a negative impact on such investment, or may have economic or business interests or investment objectives which are inconsistent with those of the Fund. The joint venture agreement between a Fund and a joint venture partner may grant a joint venture partner veto powers with respect to major decisions concerning the management, financing or disposition of an investment, which could allow a joint venture partner to block an action, contrary to the Fund's investment objective, and could increase the risk of deadlocks that may adversely affect investment liquidity, values and returns. A Fund may be subject to various costs and fees relating to such ventures, including on occasion additional performance-based or asset-based fees or allocations (including management, incentive and/or other fees) that may be paid to joint venture partners or other third party operating partners. Any such costs and fees paid to joint venture partners or other third-party operating partners will not reduce the management fee. A Fund may bear or be responsible for more than its pro rata share (based on relative equity participation) of expenses, guarantees and/or recourse liabilities, including environmental and other "non-recourse carveout" or so-called "bad act" liabilities. A Fund may hold a non-controlling interest in certain investments and, therefore, may have a limited ability to protect its position in such investments, although the General Partners and the Adviser expect to procure appropriate rights to protect the Funds' interests.

If a Fund and joint venture partners have the ability to dispose of their interests in the investment separately, a disposition of a large position by one party may depress the market value of the continuing investment of the remaining joint venture partners (possibly including the Fund), or may reduce the price available to other joint venture partners (possibly including the Fund) which may also be disposing of their respective investments. In addition, agreements governing joint ventures often contain restrictions on the transfer of a joint venture partner's interest, "buysell" mechanisms or similar provisions that may require the Fund to obtain the consent of a joint venture partner prior to divesting its interest in the joint venture or result in the purchase or sale of the Fund's interest at a disadvantageous time or on disadvantageous terms.

If a joint venture partner removes its general partner or manager or terminates prior to a Fund, the ability of the Fund to exercise certain rights associated with its investments may require the cooperation of a successor general partner/manager or other persons. In addition, a Fund may be liable for actions of its co-investors. It may not be practicable or possible to review the qualifications, condition or suitability of prospective joint venture partners or other operating partners.

In addition, the Funds' investment strategies in certain investments depend on the Adviser's ability to enter into relationships with joint venture partners. There can be no assurance that the Adviser will, in the future, establish any relationship with such persons or partners on terms favorable to a Fund.

### *Highly Competitive Market for Investment Opportunities*

The market for attractive investment opportunities in the Funds' target sectors is highly competitive. The number of investors seeking to make real estate investments primarily in North America may reduce the number of suitable investment opportunities available to the Funds and adversely affect the terms upon which investments can be made. In that regard, the Funds will be competing for investments with other investment funds (including other real estate funds, credit funds, venture capital funds, hedge funds and private equity funds), as well as individuals, companies, financial institutions and other investors. It is possible that

competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions more frequently than is currently expected. The outcome of these auctions cannot be guaranteed, thus potentially reducing the number of investment opportunities available to the Funds and potentially adversely affecting the terms, including price, upon which investments can be made. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. The Funds may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third party advisors. There can be no assurance that the Funds will be able to locate, complete and exit investments that satisfy the Funds investment objectives or that the Funds will be able to fully invest its committed capital.

Further, this increased competition may generally limit the number of suitable investment opportunities offered to a Fund or the number of assets that it is able to acquire, and it may also increase the bargaining power of property owners seeking to sell to a Fund, making it more difficult to make new investments on attractive terms.

In addition, over the past several years, many real estate investment funds and publicly traded REITs have been formed for the purpose of investing in real estate assets, and others have been consolidated or grown substantially in size. Additional real estate funds and publicly traded REITs with similar investment objectives are likely to be formed in the future by other unrelated parties which would result in increased competition for Funds.

### *Economic and Market Risk*

General economic conditions may affect the Funds' activities. Investments made by the Funds may be sensitive to general downward swings in the overall economy. Changes in economic conditions, including, for example, interest rates, availability and terms of credit, inflation, economic uncertainty, changes in laws, unemployment, competition, technological developments, political events, changes in fiscal policies, national and international political circumstances and innumerable other factors, none of which will be within the control of the General Partners, can substantially and adversely affect the business and prospects of the Funds. Investments in real estate and real estate-related entities are subject to various risks, as described above in "*General Risks of Real Estate Investment*." In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values. Many of the factors which could affect the performance of the Clients or its properties will be beyond the control of the General Partners and the Funds. For instance, the performances of certain of the portfolio investments are vulnerable to downturns in various economic environments. U.S., regional or local economic declines may negatively affect the payments of borrowers or the performance of real estate assets. The prices for investment sales, and the prices, terms and conditions for investment refinancing may be threatened by unanticipated declines in various economic environments – thereby reducing or extinguishing anticipated returns of capital and internal rates of return.

Fluctuations in the market prices of investments and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The

repercussions of this market turmoil are unclear.

### *Concentration Risk*

While the General Partners intend to employ some degree of portfolio diversification as one of its risk management strategies and the partnership agreements may restrict the amount that a Fund may invest in certain geographic areas, in development transactions and in certain blind pool vehicles, diversification is not an objective of the Funds and there can be no assurances concerning the degree of diversification that the Funds will actually achieve in their investments. As such, the Funds' assets may not be diversified. In particular, the Funds will focus their investments in North America and therefore will be particularly vulnerable to events affecting this region.. Adverse events or conditions affecting the United States and/or Canada could have a more negative effect on the financial condition and operations of a Fund than if its investments were more geographically diverse. Furthermore, the Funds are expected to participate in a limited number of investments, each with a significant portion of a Fund's aggregate capital commitments invested. An adverse change in one or more investments could have a material adverse effect on a Fund overall and, in turn, a significant effect on the total returns to the partners due to the concentrated nature of the Fund's portfolio. Therefore, a material loss in any one investment will yield a return to the limited partners that may be lower than if a Fund had invested in a more diversified portfolio. Any such non-diversification would increase the risk of loss to the Funds if there was a decline in the market value of any security, category or asset class in which the Funds had invested a large percentage of its assets. If a large portion of the assets of the Funds is held in cash or cash-like instruments, performance may be affected.

Similarly, a Fund's financial condition and results of operations could be adversely affected by conditions affecting the Fund's specific property types. This could lead to increased risk as a result of a Fund having an unintended long-term investment and reduced diversification. A limited degree of diversification increases risk because, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of even a single investment. In addition, investors have no assurance that as a Fund continues to invest the degree of diversification in the Fund's investments will increase, with respect to asset category, geographic location or other risk exposure. Portfolio diversification will decrease as a Fund's investments are divested.

### *Investments Involving Multiple Properties*

Investments involving multi-property acquisitions are often more complex and expensive than single-property acquisitions, and may place additional demands on the Adviser. Where multiple properties are acquired as a group, a Fund may be required to purchase all properties as a package rather than declining the properties it does not want. If a Fund is required to purchase one or more properties that it does not wish to acquire as part of a multi-property transaction, it may not be able to identify a buyer to acquire such properties, and thus may be required to operate or attempt to dispose of those properties. A Fund may also be required to accumulate a large amount of cash to fund such acquisitions. Because of the foregoing, acquiring multiple properties in a single transaction may reduce the overall yield on a Fund's portfolio.

### *Currency Risk; Hedging*

Some of the Funds' investments, and the income received by the Funds with respect to such investments, may be denominated in currencies other than the U.S. dollar. The Funds' books, however, will be maintained, and contributions to and distributions from the Funds will generally be made, in U.S. dollars. Accordingly,

changes in currency exchange rates, costs of conversion and exchange control regulations could adversely affect the dollar value of the Funds' investments and the amounts of distributions, if any, to be made by the Funds. Currency exchange rates have previously and may in the future 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. The Funds may incur costs or experience substantial delays when, or be prohibited from, converting one currency into another.

The Funds may, but are not required to, engage in currency and other hedging transactions. There can be no assurance, however, that the Funds will engage in such hedging transaction at any given time or from time to time, or that such hedging transactions will be available or be available at a reasonable cost, or that such hedging transactions will be effective to reduce or eliminate the applicable currency, interest rate, or other risk. Such hedging transactions may even exacerbate any negative impact on the Funds resulting from changes in currency exchange rates or interest rates. While such transactions may reduce certain risks, hedging transactions themselves may entail certain other risks. The success of hedging transactions will be subject to the ability to correctly predict movements in and the direction of currency exchange rates, interest rates and public security prices. Thus, while the Funds may enter into hedging transactions to seek to reduce these risks and may ultimately benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates could result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions.

#### *Loans and Debt Investments*

While the Funds intend to invest primarily in equity interests, the Funds may invest in secured or unsecured loans or debt investments, including without limitation subordinated loans, mezzanine loans and other structured investments which may be subordinated to the senior obligations of the borrower. These investments generally will not be readily marketable, will be subject to restrictions on resale and may require lengthy negotiations in connection with disposition. Loans are often less liquid than other types of debt securities, particularly in times of significant market dislocation.

Loans and other debt investments will subject the Funds to credit risk, i.e. the risk that a borrower will default in the payment of principal, interest or other obligations, including investments that are not rated by any rating agency. There may be limits to enforceability or to legal and financial recourse upon a default under the terms of the mortgage or mezzanine loan or applicable state law. Most commercial real estate loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets. Loans that are fully secured may offer the Funds more protection than unsecured loans in the event of non-payment, however there is no assurance that the liquidation of any collateral would satisfy the borrower's obligation, or that such collateral could be liquidated. Greater credit risks are usually attached to subordinated investments which will be limited by restrictions benefitting more senior lenders, will be subject to greater risk of default, may not be protected by financial or other covenants and may have limited liquidity. Exercise of foreclosure and other remedies may involve lengthy delays and unforeseen expenses in the face of declining property values. If a borrower becomes involved in bankruptcy proceedings, the Funds may receive a lesser return on its investment than expected or no return at all. Additionally, various U.S. federal and state and non-U.S. laws enacted for the protection of creditors may apply to the Funds. In general, if payments on an investment are voidable as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as a Fund) or from subsequent transferees of such payments (such as Limited Partners).

Investments in loans and other debt will generally be subject to risk associated with market changes in interest rates. Factors that generally affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the U.S. Federal Reserve Board and central banks throughout the world, international disorders and instability in domestic and foreign financial markets. Interest rate changes affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of fixed rate instruments and falling interest rates will have a positive effect on the price of fixed rate instruments, and the prices of long term obligations generally fluctuate more than prices of short term obligations.

Loans may permit or require the prepayment of the loan, which when made reduce the actual outstanding debt on which the Funds derives interest income. The degree to which a borrower prepays a loan may be affected by prevailing interest rates, general business conditions, the financial condition of the borrower and competitive conditions among lenders, among others. In the event a Fund receives proceeds from an investment earlier than it had anticipated, the Fund will often be permitted to reinvest such proceeds, but there is no assurance that the Fund will be able to reinvest such proceeds even where they are received during the investment period. A Fund's inability to reinvest such proceeds may materially affect the performance of the Fund.

Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including, among other factors, the index chosen, frequency of reset and reset caps or floors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. The Funds expect that they will periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, if a Fund does not manage this risk effectively, then a Fund's performance could be adversely affected. In addition, a Fund's investments may include subordinated or unsecured debt investments issued with a fixed yield; thus, credit risk and interest rate risk are often greater than those generally applicable to other types of debt investments.

### *Investments in Mortgage-Related Assets*

While the Funds intend to invest primarily in equity interests, a Fund may make certain investments in mortgage-related assets. The investment characteristics of mortgage-related securities differ from traditional debt securities. Rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, such investments may exhibit additional volatility. This is known as extension risk. In addition, mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Fund because the Fund will have to reinvest that money at the lower prevailing interest rates. This is known as contraction risk.

Over the past several years, events in the real estate and securitization markets, as well as the debt markets and the economy generally, have caused significant dislocations, illiquidity and volatility in the market for mortgage-backed securities, as well as in the wider global financial markets. Declining real estate values, coupled with diminished availability of leverage and/or refinancings for commercial and multifamily real estate has resulted in increased delinquencies and defaults on commercial and multifamily mortgage loans. In addition, the downturn in the general economy has affected the financial strength of many commercial and multifamily real estate tenants and has resulted in increased rent delinquencies and increased vacancies. The default rate and price volatility of mortgage-backed securities may continue to increase as a result of delinquencies losses, lower recoveries on underlying



mortgage pools and the other factors described, which in turn may materially and adversely affect the value of a Fund's assets.

Additionally, credit lease loans may not require principal payments until maturity, and thus may require payment in full of the balance at maturity (i.e., balloon loans). Balloon loans pose a special payment risk because at maturity, the lessee must either (a) purchase the property for an amount equal to the outstanding balance or (b) cause the respective mortgaged property to be sold whereby the proceeds from such sale will be used to repay the credit lease loan. If the lessee is unable to pay the lump sum upon default or final maturity or to refinance such amount at final maturity, a Fund may suffer a loss if the collateral for such credit lease loan is insufficient or unavailable to pay the related loan.

#### *Certain Legal Aspects of Mortgage Loans Lender Liability*

While the Funds intend to invest primarily in equity interests, certain investments may be subject to risks relating to the legal aspects of real estate loans. Depending upon the applicable law governing real estate loans (which laws may differ substantially), a Fund may be adversely affected by the operation of law with respect to its ability to foreclose on collateral securing one or more real estate loans. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a loan including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action, which often complicates an already difficult and time consuming process. In some states or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. In addition, a Fund may be adversely affected by the borrower's right of redemption, the enforceability of assignments of rents, due on sale and acceleration clauses in loan instruments, as well as other creditors' rights provided in such documents. A Fund may be subject to liability as a lender with respect to its negotiation, administration, collection and/or foreclosure of real estate loans. Moreover, a Fund may attempt to obtain contractual rights to participate in or substantially influence the management of properties by borrowers which may result in an increased likelihood that a borrower may claim that a Fund interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. As a lender, a Fund may also be subject to penalties for violation of usury limitations, which penalties may be triggered by contracting for, charging or receiving usurious interest. In addition, bankruptcy laws may delay the ability of a Fund to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as Equitable Subordination or may result in a restructure of the debt through principles such as the "cramdown" provisions of the bankruptcy laws.

#### *Risks Related to Exit Strategy*

The ability to exit an investment will depend upon the ability of a potential buyer to secure the financing necessary to consummate a sale. There can be no assurance that a Fund will be able to dispose of its investments at the price and at the time it wishes to do so. A Fund may be required to expend funds to correct defects or to make improvements before an investment in a property can be rented or sold. No assurance can be given that a Fund will have funds available to correct those defects or to make those improvements. In acquiring a property through a joint venture or similar vehicle, a Fund may agree to lock-out, rights of first refusal, first look, buy/sell mechanisms or similar provisions that materially restrict it from selling that property, or its interest in the investment vehicle, for a period of time or

impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others could impede a Fund's ability to respond to adverse changes in the performance of its properties and could significantly affect the Fund's financial condition and operating results. Investments in publicly traded companies (including publicly-traded REITs) may also be subject to legal or contractual restrictions on resale, including the possibility that the General Partner or the Adviser will be in possession of material non-public information about the company. In addition, the ability to exit an investment will depend upon, among other things, favorable market conditions.

### *Control Investments*

It is expected that the Funds, either alone or together with other Related Funds, may obtain controlling interests in certain of the portfolio investments in which it invests. The exercise of such control may result in additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws), or other types of liability in which the limited liability generally applicable to business ownership may be ignored. If any of these liabilities were to arise, the Funds could suffer a significant loss.

### *Non-Control Investments*

The Funds expect to hold non-controlling interests in certain portfolio investments and, therefore, may have a limited ability to protect its position in such portfolio investments. As a condition of making non-controlling investments in portfolio investments, the Funds may seek to obtain appropriate shareholder rights to protect the Funds' investments, but it may not necessarily pursue or obtain such rights in all cases. If a Fund does not have a controlling position or other shareholder rights to protect its interests, it is possible that a portfolio investment could take actions that negatively impact the value of a Fund's investment or that prevent a Fund from disposing of its investment in the portfolio investment. The mere fact that the General Partner of a Fund disagrees with decisions made by other investors in a portfolio investment likely will not trigger any particular ability of a Fund to dispose of its investment in such portfolio investment, with the result that the value of a Fund's investment in a portfolio investment may be materially impacted by the decisions of other investors. In addition, in certain situations, including where the businesses are in bankruptcy or undergoing a reorganization, minority investors may be subject to the decisions taken by majority investors, and the outcome of a Fund's investment may depend on such majority controlled decisions, which decisions may not be consistent with a Fund's objectives.

### *Operating and Financial Risks of Portfolio Investments*

Portfolio investments often face intense competition, including competition from companies or properties with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, or a larger number of qualified managerial and technical personnel. As a result, portfolio investments that the Adviser expect to be stable at times will likely operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position or at times will likely have a weak financial condition or be experiencing financial distress.

### *Third-Party Litigation*

In addition to litigation relating to the bankruptcy process, a Fund's investment activities subject it to the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where the

Funds exercise control or significant influence over a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Funds and would reduce net assets.

### *Third Party Involvement*

The Funds may acquire interests in certain portfolio investments in cooperation with others through co-investment arrangements. The Funds' ability to exercise significant influence over management in these cooperative efforts will depend upon the nature of the co-investment arrangement. Such investments may, under certain circumstances, involve risks not otherwise present, including the possibility that the Funds' co-investors may not be able to satisfy its financial obligations, that such co-investor might at any time have economic or business interests or goals that are different from those of the Funds, and that such co-investor may be in a position to take action contrary to the instructions or requests of the Funds or contrary to the Funds' policies or objectives. In addition, such arrangements are likely to involve additional restrictions on the resale of the Funds' interest in the portfolio investment.

### *General Risks Associated with Non-U. S. Investments*

Investment in non-U.S. investments may involve certain additional risks due to non-U.S. economic, political and legal climates, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on income, dividends, interest payments, capital gains, or gross proceeds, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, there frequently is less information publicly available about a non-U.S. issuer than about a U.S. issuer, and issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than U.S. issuers. The securities of some non-U.S. governments, companies and securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets. Moreover, the expenses normally associated with non-U.S. investments often exceed those associated with U.S. investments. Certain countries may restrict foreign investment in the securities of issuers operating in that country. These restrictions or controls may at times limit or preclude foreign investment in certain issuers and increase the costs and expenses of the Funds. Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit investment by foreign persons to a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by nationals.

### *Inflation*

Certain countries in which the Funds may invest have historically experienced substantial rates of inflation, and the rapidly growing nature of an emerging economy may lead to higher rates of inflation. Inflation and rapid fluctuations in interest rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging economies. Past governmental efforts to curb inflation have included wage and price controls, as well as more drastic economic measures that have had a materially adverse effect on the level of economic activity in the affected country. There can be no assurance that inflation will not become a serious problem in the future and thereby negatively affect the Funds' investment returns.

### *New Sector in Certain Jurisdictions*

Private fund and/or real estate investing is in its nascent stages in certain countries, and in this respect these types of investments are riskier than other more established asset classes in those countries. Additionally, given the sector's relatively short history in certain countries, it may be difficult for an investor to assess the potential future performance, regulation, taxation and risks associated with expanding investments in this sector in those countries. In particular, private fund and real estate investing in certain countries may not currently be as heavily regulated as it is in the United States. As a result, these countries may be more likely to introduce new regulations during the term of the Funds. For example, with the development of this sector, new regulations may be promulgated by governments which can impact: (i) the operations of any investment funds denominated in foreign currencies and/or (ii) offshore U.S. dollar-denominated funds seeking to invest in foreign countries. There can be no assurance that such new regulations, when implemented, will not have a negative impact on the Funds and their investments in the applicable jurisdiction.

### *Investments in Emerging Markets*

To the extent that the Funds invest in real estate in emerging markets, the Funds may be subject to more substantial risks in political and macro-economic conditions that are not usually associated with similar investments in the United States and other industrialized democracies. The economies of emerging markets may perform favorably or unfavorably compared with more developed economies in such respects as growth of gross domestic product, rate of inflation, currency appreciation or depreciation, capital reinvestment, resource self-sufficiency and balance of payments. The economies of emerging markets generally are heavily dependent upon international trade and, accordingly, may be affected adversely by protective trade barriers and economic conditions in the countries with which they trade. In addition, the economies of certain emerging markets are vulnerable to weaknesses in world prices for their commodity exports. Some emerging markets have from time to time experienced high rates of inflation and have extensive external debt.

Emerging markets have in the past experienced, and may in the future experience, interest rate volatility, extensive external debt, lack of financial liquidity and stock market volatility, which have contributed to a decline in business and consumer spending in addition to other adverse market conditions. Although such events may at times create significant investment opportunities leading to attractive returns, there can be no assurance that economic and financial difficulties will not adversely affect the value of the Funds' investments or make it more difficult for the Funds to locate appropriate investment opportunities.

Differences may remain between the degree of sophistication of the legal systems of many developing countries and the degree of sophistication of the body of commercial law and practice typically found in more developed countries. The lack of comprehensive and enforceable legal systems in some developing countries may adversely affect the Funds' investments and prevent the Funds from effectively enforcing its rights. The validity and enforceability of contracts in such countries, particularly with governmental entities, is relatively uncertain. In addition, bankruptcy regulations in some emerging markets are still developing. There is no assurance that the Funds could accurately anticipate the outcome of any bankruptcy proceedings in emerging markets.

### *Privatizations*

The Funds may invest in state-owned enterprises that have been, or will be, transferred from government ownership to private ownership. There can be no assurance that any privatizations will be undertaken or, if

undertaken, successfully completed. Changes in political or economic factors would result in changes in government policies towards privatization, and it is possible that governments may decide to return projects and companies to state ownership. In such scenarios, the level of compensation that would be provided to the private companies concerned cannot be accurately predicted, but could be substantially less than the amount invested in such companies. Recent privatizations and exits from these transactions have triggered relatively extreme political and regulatory reactions, and so the Funds may not succeed profitably investing in state-owned enterprises.

### *Fraud*

The value of investments made by the Funds may be adversely affected by material misrepresentations, omissions, inaccuracies or incompleteness on the part of the management or owners of portfolio investments in which the Funds invest. Such material misrepresentation, omission, inaccuracy or incompleteness may undermine the Adviser's due diligence efforts with respect to such companies and, if discovered, negatively affect the valuation of the Funds' investments and real estate assets. In addition, when discovered, material misrepresentations, omissions, inaccuracies or incompleteness may contribute to overall market volatility that could negatively impact the Funds' investments. In the event of a material misrepresentation, omission, inaccuracy or incompleteness by any portfolio investment in which a Fund invests, a Fund may suffer a partial or total loss of its capital investment in that company.

### *Accounting, Reporting and Disclosure Standards*

Different, often less comprehensive, accounting, reporting and disclosure requirements and practices apply to issuers and properties in certain foreign countries than is the case with U.S. issuers and properties. As a result, information available to the Funds may be less reliable and less detailed than information available in more developed countries, and the Funds' due diligence reviews may provide less information than reviews conducted in more developed countries.

### *Risks Regarding Dispositions of Portfolio Investments*

In connection with the disposition of an investment, the Funds or their affiliates may be required to make representations and warranties typical of those made in connection with the sale of a business. The Funds or their affiliates may also be required to indemnify (or to otherwise participate in the indemnification of) the purchasers of an investment to the extent that any of these representations and warranties turns out to be inaccurate or misleading. These arrangements may result in liabilities for the Funds, depending upon retribution obligations owed with respect to the portfolio investment. Liabilities incurred by the Funds in connection with the disposition of interests in portfolio investments may cause the Funds to recall distributions made to limited partners.

### *Costs of Complying with Regulations*

The operations of the Funds and tenants in properties owned by the Funds are subject to material federal, state and local laws, rules and regulations, as well as the laws, rules and regulations of non-U.S. jurisdictions, which could materially adversely affect the Funds. Generally, real estate properties are subject to various laws, ordinances, rules and regulations, including regulations relating to lien sale rights and procedures. In addition, property management activities are often subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state. Changes in U.S. federal, state and local laws, rules and regulations, and, to the extent applicable, non-

U.S laws, rules and regulations, could negatively affect the ability of the tenants in properties owned by the Funds to make lease payments to the Funds and, therefore, the Funds, their returns and cash available for distribution to holders of interests, if any.

### *Environmental Risks and Potential Environmental Liability on Real Estate*

Real estate assets are subject to numerous statutes, rules and regulations relating to environmental protection. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate (which may include a lender in some instances) may be liable for non-compliance with applicable environmental and health and safety requirements and may be required to investigate and clean up any hazardous or toxic substances or petroleum product releases at such property. An owner or operator may also be liable to a governmental entity or to third parties for non-compliance with applicable environmental and health and safety requirements and for property damage and for investigation, monitoring, removal, remediation, and cleanup costs incurred by such parties in connection with contamination. These laws typically impose clean up responsibility and liability without regard to whether the owner or operator knew of, was responsible for or caused the presence of the contaminants, and the liability under such laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances or the failure to properly remedy the contamination on such property may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. The presence of hazardous materials on a property could also result in personal injury, property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous or toxic substances or petroleum products at a disposal or treatment facility may also be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at such disposal or treatment facility, whether or not the facility is owned or operated by such person. In certain circumstances, third-party lenders which have directed or had an active involvement in the environmental compliance activities or the day-to-day management of a borrower's facilities or which have taken possession of or title to such borrower's collateral may be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at the facility. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with contamination. The owner of a site may also be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos-containing materials ("ACMs") when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs.

There is the possibility of existing or future environmental contamination, including soil and groundwater contamination, as a result of the spillage of hazardous materials or other pollutants. The presence of hazardous or toxic substances, or the failure to properly remediate contamination, may adversely affect a Fund's ability to sell real estate it acquires, either as an equity investment or through foreclosure on a loan investment, or to borrow using such property as collateral. In connection with its direct or indirect ownership and operation of real estate, a Fund may incur liability for such environmental costs, and in connection with the Fund's debt investments, the Fund, to the extent it has an active involvement in the environmental compliance activities of a borrower's facilities or takes possession of a borrower's collateral, may incur liability for environmental costs. Also in connection with a Fund's debt investments, the ability of the owner to make payments to the Fund may be reduced, which in turn may also adversely affect the value of the relevant asset held by the Fund. Additionally, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition and that could not have been foreseen.

Environmental statutes, rules and regulations can also change or a condition of a real estate asset can change and lead to liabilities or obligations that did not exist or were not foreseen at the time of the investment. The cost of any required remediation and a Fund's liability therefor as to any such real estate asset is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the Fund.

### *Climate Change*

A Fund may acquire investments that are located in areas which are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on a Fund's business and operations. These effects can impact a Fund's physical assets, tenants and overall operations. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); sea level rise; and extreme temperatures. As a result of these physical impacts from climate-related events, a Fund may be vulnerable to the following: risks of property damage to the Fund's investments; indirect financial and operational impacts from disruptions to the operations of major tenants of the Fund's investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage, for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the tenants of investments; increased insurance claims and liabilities; increase in energy cost impacting operational returns; changes in the availability or quality of water or other natural resources on which the tenant's business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

### *Eminent Domain Risks*

Municipalities and other government subdivisions may, in certain circumstances, seek to acquire certain assets of a Fund through eminent domain proceedings. While a Fund may seek to contest these proceedings which may be costly and may divert the attention of management from the operation of the Fund, there can be no assurance that a municipality or other government subdivision will not succeed in acquiring assets of the Fund. In such event, there is a risk that a Fund will not receive adequate compensation for the assets acquired, or that the Fund will not be able to recover all charges associated with divesting these assets.

### *Losses Not Covered by Insurance*

The Funds' investments are expected to be covered by comprehensive liability, fire, extended coverage, and rental loss insurance, with policy specifications and insured limits that a Fund believes are adequate and appropriate under the circumstances. Some types of losses, such as from terrorism, may be uninsurable or not economically insurable. In addition, many insurance carriers are excluding asbestos-related claims and most mold-related claims from standard policies. A Fund will evaluate the availability and cost of additional insurance coverage for such claims. If a Fund decides to purchase insurance for terrorism, asbestos or mold, the cost could have an adverse effect on the Fund's results of operations. If an uninsured loss or a loss in

excess of insured limits occurs on a Fund investment, a Fund could lose its capital invested in an investment, as well as the anticipated future revenues from an investment and, in the case of debt that is recourse to the Fund, the Fund would remain obligated for such debt. Any loss of this nature would adversely affect a Fund.

A Fund may also require, prior to lending on a given real estate asset, that the owner or property manager obtain suitable comprehensive liability, fire and extended coverage insurance for the property of the types and in the amounts customarily obtained for similar properties. Inflation, changes in building or zoning codes and ordinances, environmental considerations, and other factors may also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by a Fund might not be adequate to restore its economic position with respect to the affected asset. Because a Fund is a pooled investment fund, all Fund assets may be at risk in the event of an uninsured or underinsured liability.

### ***Certain Regulatory and Tax Risks***

#### ***Evolving Legal and Regulatory Regime***

The regulatory environment for private investment funds is evolving, and changes in regulation could occur during the term of the Funds that may adversely affect the Funds and their investment results, or some or all of the limited partners or lead to decreased investment returns, increased taxes or other costs. New laws or revised regulations imposed by the U.K. Financial Conduct Authority, the CSSF, the SEC and other governmental regulatory authorities and self-regulatory organizations or industry bodies that supervise the financial markets could adversely affect the Funds. In that regard, during and after the 2016 U.S. election cycle, then candidate and now U.S. president Donald Trump expressed a desire to repeal the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). If the restrictions under the Dodd-Frank Act are curtailed or repealed, banks may be subject to fewer restrictions on their investment activities, which may allow them to compete more actively with the Funds for investment opportunities and to sponsor real estate funds that compete with the Funds for investment opportunities. Since taking office, the Trump administration has also taken steps to curtail immigration from certain countries. As it is unclear whether and how the Trump administration and the U.S. Congress will amend or repeal the Dodd-Frank Act and what other legislative and executive actions may be taken, it is difficult to predict how the Funds will be affected by any such legislative or executive actions. Depending on the nature of any changes to the Dodd-Frank Act, such changes may prove detrimental to the Funds. The Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these regulatory authorities or self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which the Funds conduct business. In particular, changes in the regulation of private investment funds may adversely affect the ability of the Funds to obtain the leverage they might otherwise seek.

Similarly, developments in the tax laws of the United States or other jurisdictions could have a material effect on the tax consequences to the Funds and/or the limited partners. In this regard, on December 22, 2017, H.R. 1, known as “Tax Cuts and being considered by Jobs Act” (“TCJA”), was signed into law. The TCJA imposes a number of significant changes, and it should be noted that there are numerous aspects of the TCJA that are subject to interpretation and that will require clarification, but only limited guidance has been issued to date. Technical corrections legislation may be needed to clarify certain of these provisions



and to give proper effect to Congressional intent. It is unclear if and when such technical corrections or other legislative changes will be enacted, or in what form, and future regulatory guidance and legislation, or the absence thereof, may significantly affect the impact of the TCJA.

### *Compliance with Anti-Money Laundering Requirements*

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the subscription agreements executed by investors will require certain representations verifying, among other things, such investors' identity and the source of funds used to purchase the limited partnership interests in the Funds and require the investors to provide additional information upon the General Partner's request. The General Partner may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been so provided. The Funds' subscription agreements will authorize the General Partner to take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures, which steps may include prohibiting an investor from making further contributions of capital to the Funds, depositing distributions to which an investor would otherwise be entitled into an escrow account or causing the withdrawal of an investor from the Funds.

### *Potential Implications of Brexit*

The decision made in the British referendum of 23 June 2016 to leave the European Union has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may also lead to weakening in consumer, corporate and financial confidence in such markets. The formal notification by the United Kingdom to exit the European Council under Article 50 of the Treaty on European Union on 29 March 2017 triggered the two year negotiation period for exit but the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union is unclear at this stage and is likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. In particular, the decision made in the British referendum may lead to a call for similar referendums in other European jurisdictions which may cause increased economic volatility in the European and global markets. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Funds and their investments to execute their respective strategies and to receive attractive returns. In particular, currency volatility may mean that the returns of the Funds and their investments are adversely affected by market movements and may make it more difficult, or more expensive, for the Funds to execute prudent currency hedging policies. Potential decline in the value of the British Pound and/or the Euro against other currencies, along with the potential downgrading of the UK's sovereign credit rating, may also have an impact on the performance of portfolio investments or investments located in the United Kingdom or Europe.

In light of the above, no definitive assessment can currently be made regarding the impact that Brexit will have on the Funds, their investments or their organization more generally. In particular, currency volatility may mean that the returns of the Funds and their investments are adversely affected by market movements and may make it more difficult, or more expensive, for the Funds to execute prudent currency hedging policies. Potential decline in the value of the British Pound and/or the Euro against other currencies, along with the potential downgrading of the United Kingdom's sovereign credit rating, may also have an impact on the performance of portfolio investments or investments located in the United Kingdom or Europe.

## **Item 9. Disciplinary Information**

No material items exist as of this time.

## **Item 10. Other Financial Industry Activities and Affiliations**

### **Affiliated Advisers**

The Adviser currently has nine affiliated advisers based in the U.S., each of which focuses primarily on a different area of investment management, although such areas overlap from time to time (such advisers, together with the Adviser, the “U.S. Affiliate Advisers”). Each U.S. Affiliate Adviser is registered as an investment adviser with the Securities and Exchange Commission. The U.S. Affiliate Advisers currently include, in addition to the Adviser:

- Bain Capital Private Equity, LP, which focuses on leveraged buyouts and growth capital in a wide variety of industries;
- Bain Capital Double Impact, LP, which focuses on equity investing in impact- or mission-oriented companies and more traditional companies with positive impact products and services;
- Bain Capital Life Sciences, LP, which focuses on equity investing in biopharmaceutical, medical device, diagnostics and enabling life science technology companies;
- Bain Capital Ventures, LP, the venture capital arm of Bain Capital, which focuses on seed through late-stage growth equity investing in software, hardware, information, healthcare, and technology-driven business services companies;
- Boylston Advisors, LP, (“Boylston”) which focuses on providing alternative investment opportunities to current and former personnel of Bain Capital and invests primarily in 3rd party private fund managers via managed funds of funds and direct investments. In addition, Boylston related persons also serve as the general partners to investment vehicles whose primary purpose is to invest in, or coinvest with, funds managed by the Adviser and other Affiliate Advisers (as defined below) for the benefit of employees and former employees of Bain Capital, LP and its affiliates;
- Bain Capital Public Equity, LP, the public equity affiliate of Bain Capital, whose primary objective is investing in securities of publicly traded companies that offer opportunities to realize substantial long-term capital appreciation;
- Bain Capital Credit, LP, which uses fundamental credit analysis to identify attractive investment opportunities and seeks superior risk adjusted returns, primarily in credit products and fixed-income investments;
- BCSF Advisors, LP, a subsidiary of Bain Capital Credit, LP, and is the investment manager to a Business Development Company; and
- Bain Capital Credit CLO Advisors, LP, a subsidiary of Bain Capital Credit, LP, and provides investment advisory services and collateral management services to issuers of collateralized loan

obligations.

In addition, Bain Capital Distributors, LLC, is a broker-dealer registered with the SEC and is a member of FINRA. Bain Capital Distributors places securities and instruments issued by certain private investment funds that the Adviser and its affiliates manage.

In addition to the U.S. Affiliate Advisers, Bain Capital Private Equity (Europe), LLP, Bain Capital Investments (Europe) Limited and Bain Capital Credit, Ltd., affiliates of Bain Capital, are licensed as investment advisers with the United Kingdom Financial Conduct Authority and Bain Capital Credit (Australia) Pty. Limited, an affiliate of Bain Capital, is licensed as an investment adviser with the Australian Securities and Investments Commission (together with the U.S. Affiliate Advisers, the “Affiliate Advisers”).

Each of the U.S. Affiliate Advisers’ investment activities are conducted independently, but the U.S. Affiliate Advisers may provide an extensive personal network and access to vertical industry expertise. On occasion, the Funds may also benefit from attractive non-traditional investment opportunities from U.S. Affiliate Advisers.

Bain Capital has established other non-investment advisory related entities that are affiliates of the U.S. Affiliate Advisers. These entities do not provide investment advisory services and have been organized primarily to provide services incidental to the services of the U.S. Affiliate Advisers, such as servicing portfolio investments of the Funds.

### **Conflicts of Interest**

The discussion below reflects the current and expected practices of the Adviser and the Funds and practices vary among the Funds. Please refer to the limited partnership agreement (or analogous organizational document) of the applicable Fund for details regarding the practices of such Fund.

As a diversified private investment firm, Bain Capital and its affiliates, including the Adviser, engage in a broad range of activities, including investment activities for their own account (such as co-investment vehicles) and for the account of other investment funds or accounts and providing advisory, management and other services to funds and operating companies, including portfolio investments of the Funds.

As discussed above, Bain Capital currently has several affiliated advisers, including the Adviser (the “Affiliate Advisers”), each of which focuses primarily on a different investment strategy, although such investment strategies overlap from time to time. The funds and accounts advised or managed, or to be advised or managed, by the Adviser (including parallel vehicles) are referred to as the “Funds” and the funds and accounts advised by the Affiliate Advisers (including the Funds) are referred to as the “Related Funds.” In the ordinary course of conducting its activities, the interests of a Fund or its limited partners will, on occasion, conflict with the interests of another Fund, the Adviser or its affiliates or with one or more other Related Funds or their respective affiliates.

Additionally, the Adviser may in the future establish certain investment vehicles through which certain personnel of the Adviser or its affiliates, or other persons may invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” that are expected to invest alongside the Funds generally are created to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the applicable Fund, subject to legal, regulatory, tax or other similar considerations. Such co-investment vehicles may not pay management fees

or carried interest. A Fund may enter into loan agreements, guarantees and/or commitment letters on behalf of one or more co-investment vehicles, and if such co-investment vehicle fails to meet its obligations relating to such loan agreements, guarantees or commitment letters, any amounts owed as a result of such failure will be borne by such Fund. Certain personnel of the Affiliate Advisers also invest in, or alongside, one or more Funds through a co-investment vehicle. Conflicts may arise to the extent such personnel manage other Related Funds, the interests of which conflict with those of the Funds.

The following discussion describes certain potential conflicts of interest that exist among Bain Capital, the Funds, the Adviser, the Affiliate Advisers, and the other Related Funds. Certain conflicts of interest which may be relevant to an investment in the Funds are described generally with respect to a Fund or a Related Fund. Dealing with conflicts of interest is complex and difficult and new and different types of conflicts may subsequently arise. While Bain Capital has adopted procedures to address such conflicts, no assurance can be made that these procedures will have their desired effect. There can be no assurance that Bain Capital or the Adviser will be able to resolve all conflicts in a manner that is favorable to the Funds.

#### Resolution of Conflicts

Each of the Adviser and the Affiliate Advisers will deal with all conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise among investment funds or accounts advised or managed by Affiliate Advisers, the participating Affiliate Advisers will represent the interests of the investment funds or accounts they advise. In resolving conflicts, the Affiliate Advisers will generally consider various factors, including the interests of the Funds and the other Related Funds they advise in the context of both the immediate issue at hand and the longer term course of dealing among the Funds and the other Related Funds. From time to time, the Adviser and the Affiliate Advisers may determine to refer certain conflicts of interest to Bain Capital's Allocation Committee (the "Allocation Committee"), comprised of senior Bain Capital personnel, for review and resolution, particularly in situations where the Adviser and the Affiliate Advisers are unable to resolve such conflicts. Similarly, the Allocation Committee may in its sole discretion determine to review and make determinations regarding certain conflicts of interest.

When conflicts arise between a Fund, on the one hand, and another Fund, on the other hand, the Adviser will resolve the conflict. In doing so, the Adviser will generally consider various factors, including the interests of a Fund and another Fund with respect to the immediate issue and/or with respect to the longer term course of dealing among a Fund and other Funds. In the case of all conflicts involving a Fund and other Funds, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts will be made in the Adviser's sole discretion except as required by the governing documents of a Fund. There can be no assurance that the Adviser will be able to resolve all conflicts in a manner that is favorable to a Fund

#### *Management of Conflicts*

The following factors may alleviate, but will not eliminate, conflicts of interest among a Fund, other Funds and the other Related Funds:

- A Fund will not make any investment unless the General Partner of such Fund believes that such investment is an appropriate investment considered solely from the viewpoint of the Fund;
- Many important conflicts of interest will generally be resolved by set procedures contained in the allocation provisions set forth in the limited partnership agreements (or analogous organizational documents) of the Funds;

- The advisory board or similar committee of a Fund and each other Related Fund, whose members are not affiliated with the General Partners of such Fund play an important role in resolving conflicts of interest by approving or disapproving the appropriateness of decisions that involve significant conflicts of interest referred to it by the appropriate Fund's General Partner;
- Where the Adviser or one or more of the other Affiliate Advisers deems appropriate in its sole discretion, unaffiliated third parties may be used to help resolve conflicts such as the use of a real estate appraiser to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third party to make an investment on the same terms as a Related Fund would demonstrate the fairness of the transaction to such Related Fund; and
- The Adviser and the other Affiliate Advisers have adopted written policies establishing information "walls" designed to limit communication between business units. These policies restrict the transfer of confidential information between these business units, subject to certain exceptions provided in the policies. These policies also establish procedures for communications among personnel of different business units to guard against unlawful and inappropriate disclosure of material, nonpublic information.

#### Sources of Conflicts of Interest

There are numerous perceived and actual conflicts of interest among the Funds, the Related Funds, the Adviser and the Affiliate Advisers. The conflicts of interest encountered by a Fund include those discussed below, although the discussion does not describe all of the conflicts that may be faced by the Funds. Other conflicts are disclosed throughout this document and this document should be read in its entirety for other conflicts.

#### ***Conflicts Relating to the Adviser, the General Partners of the Funds and Certain Affiliate Advisers***

##### *Adviser Personnel*

It is expected that personnel of the Adviser responsible for managing a Fund will have responsibilities with respect to other Funds and/or Related Funds, including funds and accounts that are raised in the future, as well as the investments of the Funds and/or other Related Funds. Substantial time may be spent by such personnel monitoring the investments of other Funds and/or other Related Funds. Conflicts of interest may arise in allocating time, services or functions of such personnel.

Certain members of the Adviser's investment committee could also serve on the investment committees of other Affiliate Advisers. Such individuals will have responsibilities to such other Affiliate Advisers and with respect to other current or future Related Funds advised or managed by such Affiliate Adviser, including funds or accounts that may be eligible to invest in assets eligible for purchase by the Funds, as well as to the portfolio investments and investment activities of such Related Funds. Such personnel may have restrictions on the time and attention they devote to the Funds as a result of the requirements contained in the limited partnership agreements (or other analogous organizational documents) of the other Related Funds or otherwise. Conflicts of interest may arise in allocating time, services or functions of such personnel. From time to time, members of a Fund's investment committee may face conflicts of interest in making investment decisions with respect to the Funds due to their membership on such investment committee, on the one hand, and their obligations to other Affiliate Advisers or other Related Funds advised or managed by other Affiliate Advisers, on the other hand. Such conflicts of interests may result in decisions that are not exclusively in the

interest of a Fund. Certain decisions may be more beneficial to another Related Fund than they are to a Fund. There is no guarantee that the policies and procedures adopted by a Fund, the terms and conditions of the limited partnership agreements (or analogous organizational documents) or the policies and procedures adopted by the Affiliate Advisers' investment committee will enable a Fund to identify, adequately address or mitigate these conflicts of interest.

### *Co-Investments Alongside Bain Capital Funds*

A Fund may, from time to time, make co-investments in transactions sourced by Bain Capital Private Equity, LP, the Affiliate Advisor which advises Related Funds that make private equity investments (the "Private Equity Advisor"), Bain Capital Ventures, LP, the Affiliate Advisor which advises Related Funds that make venture capital investments (the "Venture Advisor"), Bain Capital Public Equity, LP, the Affiliate Advisor which advises Related Funds that make public equity investments (the "Public Equity Advisor"), Bain Capital Credit, LP, the Affiliate Advisor which advises Related Funds that make credit investments (the "Credit Advisor"), Bain Capital Life Sciences, LP, the Affiliate Advisor which advises Related Funds that make equity investments in life sciences companies (the "Life Sciences Advisor") and Bain Capital Double Impact, LP, the Affiliate Advisor which advises Related Funds that make impact-oriented investments (the "Impact Advisor," and collectively with the Private Equity Advisor, the Venture Advisor, the Public Equity Advisor, the Credit Advisor and the Life Sciences Advisor, the "Co-Investment Advisors"). When such a Related Fund makes a private equity or credit investment, the applicable Co-Investment Advisor will often perform management, advisory, investment banking, financial advisory and other services for, and will receive fees from, actual or prospective portfolio companies. Additionally, a portfolio company of a Related Fund advised by a Co-Investment Advisor will generally reimburse such Co-Investment Advisor for expenses incurred by such Co-Investment Advisor in connection with its performance of services for such portfolio company. Although a Co-Investment Advisor receives these fees and reimbursements from actual or prospective portfolio companies, the opportunity to earn these fees creates a conflict of interest between such Co-Investment Advisor, on the one hand, and, to the extent a Fund co-invests in the transaction, a Fund on the other hand, because the amounts of such fees and reimbursements are often substantial and a Fund will not share in such fees and reimbursements.

The Adviser may, in its discretion, recommend to a Fund that it contract for services with a portfolio company of another Related Fund or an entity with which the Adviser, another Affiliate Advisor, one of their affiliates or any other their personnel has a relationship or otherwise derives a financial or other benefit. While the Adviser will make decisions for a Fund in accordance with its obligations to manage a Fund appropriately, the fees, allocations, compensation and other benefits to the Adviser, another Affiliate Advisor or one of their affiliates arising from those decisions may be greater as a result of certain portfolio, investment, service provider or other decisions made by the Adviser for a Fund than they would have been had other decisions been made which also might have been appropriate for a Fund.

### *Services to Portfolio Investments*

The Adviser and/or affiliates may perform a variety of services for, and will receive fees in respect of such services from, actual or prospective portfolio investments or other deal-related investment vehicles of the Funds. The services in respect of which such fees are paid (a) are provided to the relevant portfolio investments and investment holding vehicles and (b) are separate from and additional to the services which the Adviser provides. Such services include property level services, which may include, among other things, property management, design, development, construction, group purchasing, leasing, site management, mortgage servicing, special servicing and asset management of REO, REIT compliance and shareholder administration, consulting and brokerage, capital markets/credit origination, loan servicing, property and/or other types of insurance, acting as trustee, acting as paying agent and other similar operating matters (collectively, "Property Level Services"). Such services may also include management, investment banking,

financial advisory, operational and transactional services (such as advice and consulting in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions), as well as management, monitoring and consulting services. Fees or other compensation paid to the Adviser, their affiliates or its professionals for such services may be paid in cash, in securities of portfolio investments or investment vehicles (or rights thereto) or otherwise.

The Adviser may enter into a management agreement with respect to the portfolio investment pursuant to which the Adviser may provide, and may be compensated for, a variety of services to such portfolio investment and may be reimbursed for its related expenses. With respect to such management agreement, the Adviser may receive (i) a periodic fee that is paid on a quarterly basis relating to Property Level Services provided by the Adviser to portfolio investments of the Fund or related to ongoing management, advisory and similar services provided by the Adviser to portfolio investments of the Fund (“Advisory Services”), (ii) a transaction fee for services (including financial advisory, investment banking and break-up fees) provided in connection with transactions, such as financings, mergers, acquisitions, add-on acquisitions, dispositions, refinancings, public offerings, sales or similar transactions (such services, “Transaction Services”), and (iii) reimbursement of out-of-pocket expenses incurred in connection with the provision of such services.

The investment management agreements for the Funds requires the Adviser to offset 100% of the amount of the Funds’ fees for Advisory Services and Property Level Services received by Bain Capital Real Estate for services rendered or to be rendered that are, in the aggregate, in excess of the amount that is reasonable in relation to the cost of obtaining similar services from third parties against the management fee payable by the Funds with respect to each limited partner. For recent funds managed by Affiliate Advisers, there have been no offsets to date, and there may or may not be any offsets in the future, as such offsets are determined based on fees received from, and the volume of Advisory Services provided to, such portfolio investments by the Adviser or its affiliates. The Adviser will determine, in good faith but in its discretion, the cost of obtaining services similar to the Property Level Services or the management, advisory and similar services it may in the future provide to portfolio investments by tracking the actual amount of time that its professionals spend providing such Property Level Services and/or Advisory Services or other management, advisory or similar services to portfolio investments and benchmarking the value of such time against the cost for services of similarly experienced professionals at prominent property management or management consulting firms. There is no offset for amounts paid by portfolio investments or prospective portfolio investments for reimbursement of expenses incurred by the Adviser or its affiliates in connection with the provision of Property Level Services or Advisory Services or other management, advisory or similar services to portfolio investments.

The investment management agreements and the partnership agreements require the Adviser to offset 100% of the amount of the Funds’ fees for Transaction Services received by Bain Capital Real Estate (net of dead deal expenses that were borne by the Adviser or its affiliates and not reimbursed by the Funds or otherwise recovered) against the management fee payable by the Funds with respect to each limited partner.

In addition, the Adviser or its personnel, both current and former (to the extent serving on behalf of the Adviser or at its direction), may in the future receive cash or equity compensation from a portfolio investment, operating company or joint venture for serving as directors for such portfolio investment, operating company or joint venture. The investment management agreements and the partnership agreements require the Adviser to offset 100% of the amount of directors’ fees received by Bain Capital Real Estate for serving as directors for portfolio investments of the Funds against the management fee payable by the Funds with respect to each limited partner.

Fees or other compensation paid to the Adviser, its affiliates or its professionals for services provided to portfolio investments (including Property Level Services) are in addition to the fees paid by the Funds to the Adviser for investment advisory services to the Funds. Under the investment management agreements, future

fees payable to the Adviser by the Funds will in some circumstances be reduced in connection with the receipt of fees for such services from portfolio investments when the fee is actually received in cash and the amount of such fee reduction has been determined by the Adviser in good faith. Such reductions will generally be credited on a regular basis. To the extent that any such credit would reduce the management fee for a given quarter below zero, such credit will be carried forward for future application. Fee offset calculations are typically performed on a one quarter lag basis. These fees may be significant and may, in some instances, exceed the fees payable by the Fund to the Adviser for investment advisory services in one or more quarters. Any such reduction of the Funds' management fee will be limited to the extent of the Funds' proportionate interest in any such portfolio investment.

The Adviser is not required by the limited partnership agreements (or analogous organizational documents) of the Funds to provide a Fund or its limited partners with information regarding the amounts of these fees and reimbursements, although sometimes portfolio investments disclose fees for Property Level Services, Advisory Services, and Transaction Services in materials such as debt or other securities filings and offering memoranda. It will be the practice of the Adviser to disclose the aggregate amount of fees received for each category of services provided (i.e., Property Level Services, Advisory Services, Transaction Services and director services) during a given fiscal year, together with the corresponding offset amounts for each fee category, in the audited financial statements for each Fund. Although the Adviser and/or its affiliates may receive these fees and reimbursements from actual or prospective portfolio investments or other investment vehicles of a Fund, the opportunity to earn these fees and receive these reimbursements creates a conflict of interest between the Adviser or its affiliates, on the one hand, and such Fund and its limited partners, on the other hand, because the amounts of such fees and reimbursements may be substantial, a Fund and its limited partners do not have an interest in the Adviser or its affiliates and the rights of such Fund and its limited partners to these fees and reimbursements is limited to the sharing arrangements described in the limited partnership agreements (or analogous organizational documents) for such Fund. Additionally, the opportunity to earn these fees and reimbursements, the formulation of the management fee at certain times during the life of the Fund, and the existence of each Fund's general partner's or special limited partner's carried interest creates an incentive for the general partner of a Fund to cause such Fund to make more investments, and to make more speculative investments, than it would otherwise make in the absence of such fees, such formulation of the management fee and such performance-based compensation.

#### *Expense Reimbursement*

Certain expenses are paid for by a Fund and/or its portfolio investments or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio investments. The Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses, and instead considers a range of qualitative factors when making engagement decisions.

Additionally, where the Funds own an equity stake in a portfolio investment, the value of its equity investment will be affected by expenses incurred by such portfolio investment. Such expenses may include costs incurred by personnel of Bain Capital in connection with board positions and other activities with respect to such portfolio investment, including reimbursement for out-of-pocket expenses incurred in connection with such activities.

#### *Placement Agents*

Bain Capital Distributors, LLC (the "Affiliated Placement Agent") will act as a placement agent to certain Funds. The Affiliated Placement Agent is an affiliate of Bain Capital. Representatives of the Affiliated Placement Agent may also be employees of the general partner of the Funds, the Adviser, or their affiliates. To the extent the Affiliated Placement Agent offers limited partnership interests in the Funds and receives



compensation therefor, the Affiliated Placement Agent's relations with the Funds, and its relations with the Bain Capital group generally, may conflict with the interests of investors in such Funds. Additional placement agents may also be engaged with respect to the Funds.

#### *Third-Party Fees and Services*

From time to time, the Adviser may (in its sole discretion) agree or be otherwise obligated to pay a portion of a transaction or other fee received from an actual or prospective portfolio investment to a Third Party ("Third Party Fee"), including, for example, as a provider of Property Level Services or as a consultant, advisor, finder, broker, independent director and/or investment bank. In such event, the Third Party Fee is not a fee that the Adviser is entitled to retain and therefore, the Adviser is not required under the terms of the applicable limited partnership agreements (or analogous organizational documents) to share such Third Party Fee with any Fund. Third Party Fees may be paid in the future to former personnel who provide similar services upon the Adviser's request and such fees may be subject to sharing or offsets as set forth in the terms of the applicable limited partnership agreements (or analogous organizational documents).

The Adviser and its affiliates may also engage and retain service providers, advisors, contractors, consultants, and other similar professionals who are not employees or affiliates of the Adviser (notwithstanding that such professionals may be exclusive to the Adviser) and who may, from time to time, receive payments from the Adviser, or receive payments from or allocations of investment opportunities with respect to, portfolio investments and/or other entities. In such circumstances, such amounts will not be deemed paid to or received by the Adviser and its affiliates (even where such payments may have the effect of reducing amounts that the Adviser may otherwise be obligated to pay such professionals) and such amounts will not be subject to the sharing arrangements described above.

#### *Positions with Portfolio Investments*

The Adviser's personnel, including former personnel serving on its behalf and at its request, may serve as directors for portfolio investments, operating companies or joint ventures. Any fees paid to such personnel are offset against the management fee as discussed in "Services to Portfolio Investments" above. In addition, the Adviser's personnel may also serve in interim or part-time operating and/or management roles, or may provide additional services as a secondee or similar capacity, at portfolio investments, operating companies, or joint ventures during their employment at the Adviser or its affiliates. Under such an arrangement, the Adviser and/or the portfolio investment, operating company, or joint venture may pay all or a portion of the salary or supervise or otherwise oversee the employment of such employees, which may create conflicts of interest when the employees are considering the interests of the Funds and the interests of the portfolio investment, operating company, or joint venture and may cause the Funds to indirectly bear expenses. The salary and any other expenses related to the employment of such employees with such portfolio investments or platform organizations will be allocated on a basis that the Adviser determines in good faith is fair and equitable. Furthermore, the particular arrangement between such employees and such portfolio investments, operating companies or joint ventures may change over time, particularly when an investment is realized. An employee may or may not return to the Adviser after the disposition of such portfolio investment, operating company, or joint venture. Any additional fees paid to or received by Adviser or its personnel are subject to the offset arrangements discussed above. In addition, the Adviser's personnel may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio investment. Similarly, senior advisors may become employees, officers or board members of a portfolio investment, operating company or joint venture.

The Adviser may, in the future, in its discretion, cause the Funds and/or their portfolio investments to have,

ongoing business dealings, arrangements or agreements with persons who are former personnel of the Adviser or its affiliates. The Funds and/or their portfolio investments may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio investments) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

### *Valuation*

Funds' investments are valued at estimated fair value as determined in good faith by the Adviser or the applicable General Partner. Although the Funds are limited in their ability to make a distribution in kind, it is possible that certain circumstances, such as the liquidation of a Fund or with the consent of the applicable advisory board, a Fund may make a distribution in kind. When estimating fair market value, the Adviser typically applies a methodology based on its judgment, in light of the nature, facts and circumstance of the investments. Such appraisals are inherently subjective in certain respects and rely on a variety of assumptions, including assumptions about projected cash flows for the remaining holding periods for the Fund's investments. In addition, such appraisals are largely based on information at the time of the appraisal, and market, property and other conditions may change materially after that date. Furthermore, real estate and certain real estate related assets generally cannot be marked to an established market or readily tradable assets. The exercise of discretion in valuation by the Adviser and the General Partners may give rise to conflicts of interest, as carried interest is calculated based, in part, on these valuations and such valuations affect performance return calculations.

Furthermore, the valuation of investments may affect the ability of the Adviser to raise successor funds, creating an incentive to determine valuations that are higher than the actual fair value of the investments. In addition, the Adviser may or may not value the investments differently than how the same or similar investments are valued by the general partners of the other Related Funds. Furthermore, the Adviser may be paid certain additional fees in consideration other than cash, which such fees, if they are of the type as described above, will be offset against the management fee. As described in the Advisory Agreements, such non-cash fees may be valued at such time as is reasonably determined by the Adviser, which may result in offsets to the management fee at a value that is different from the value ultimately realized by the Adviser. As noted above, notwithstanding the foregoing, at any time that the assets of the Funds constitute "plan assets" under ERISA, the Funds' assets will be valued by an independent third party, the cost of which will be borne by the Funds.

### *Carry Law Change*

U.S. and non-U.S. laws have been changing, and may continue to change, the tax treatment of "profits interests" or "carried interest," in ways that may be adverse to partners in the General Partner or similar entity. Under the partnership agreements, the General Partner has certain rights to amend the partnership agreements to mitigate such adverse consequences. Furthermore, the General Partner and the Adviser may take these potential adverse consequences into account in their management and operation of the Funds. In addressing these adverse consequences, the interests of the General Partner and the Adviser, on the one hand, may diverge from the interests of the limited partners, on the other hand.

### *General Partner Clawback*

Pursuant to the limited partnership agreement (or analogous organizational documents) of the Funds, the General Partner of a Fund may be required to return excess amounts of profit interest as a “clawback”. This clawback obligation may create an incentive for such General Partner to defer disposition of one or more investments or delay the liquidation of such Fund if the disposition and/or liquidation would result in a realized loss to such Fund or would otherwise result in a clawback situation for such General Partner.

### ***Conflicts Relating to the Purchase and Sale of Investments***

#### ***Allocation of Investment Opportunities***

Through its other Related Funds (including other Related Funds in existence as of the date hereof and those that may be formed in the future), Bain Capital currently invests and plans to continue to invest third-party capital in a wide variety of investment opportunities in the United States, Europe, Asia, Latin America and elsewhere. This may include one or more other Related Funds that have an investment strategy or objective that overlaps with the investment strategy or objectives of the Funds. The Funds and the other Related Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements may be set forth in the instrument under which the Funds or other Related Fund were established (such as a Fund’s or other Related Fund’s limited partnership agreement (or analogous organizational document) or private placement memorandum), or in side letters. Other Related Funds and their respective parallel funds, successor funds and other related vehicles, as well as other investment vehicles formed in the future, will make certain investments that are appropriate for a Fund, and a Fund may receive a smaller allocation of any such investment or no allocation at all as a result. These relationships are likely to present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund. Subject to any Investment Allocation Requirements, opportunities for investments are allocated among the Funds and the other Related Funds in a manner that the Adviser, Bain Capital, and the other applicable Affiliate Advisers, as well as the applicable General Partners of the Funds and other Related Funds, believe in their sole discretion to be appropriate given factors they believe to be relevant, which may include, but are not necessarily limited to, the following:

- Each Fund’s and other Related Fund’s investment objectives and investment focus;
- Prospective portfolio investment’s geography, nature of its business and scale;
- Transaction sourcing;
- Each Fund’s and other Related Fund’s liquidity and reserves;
- Each Fund’s and other Related Fund’s diversification;
- Lender covenants and other limitations;
- Amount of capital available for investment by the applicable Fund and other Related Fund as well as each Fund’s and other Related Fund’s projected future capacity for investment;
- Each Fund’s targeted rate of return and hold period;
- Stage of development of the prospective portfolio investment or other investment and anticipated holding period of the prospective portfolio investment;
- Composition of each Fund’s and other Related Fund’s portfolio;
- The suitability as a follow-on investment for a current portfolio investment of a Fund;

- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering documents and limited partnership agreements (or analogous organizational documents) of each Fund and other Related Fund.

In general, investments sourced by the Adviser that are appropriate for a Fund will first be made available to such Fund. Similarly, investments sourced by another Affiliate Adviser that are appropriate for other Related Funds advised by such Affiliate Adviser will first be made available to such Related Funds. Bain Capital, the Adviser and the other Affiliate Advisers have substantial discretion in allocating investment opportunities. The foregoing methodology for allocation of investment opportunities will likely vary over time and will be on a case-by-case basis.

In connection with its investment activities, the Adviser and other Affiliate Advisers may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- 1) The Funds and the other Related Funds for which this is a suitable investment;
- 2) Any co-investment vehicles that have been formed to invest side-by-side with the Fund or one or more Related Funds in all or particular transactions entered into by the Fund or such Related Funds (the investors in such co-investment vehicles may include employees, business associates and other “friends and family” of the Adviser or its personnel; individuals and entities that are also investors in one or more Funds (“Bain Capital Investors”); and/or individuals and entities that are not investors in any Funds (“Third Parties”));
- 3) Bain Capital Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with the Funds or one or more Related Funds in particular transactions entered into by the Fund or such Related Fund(s); and
- 4) Bain Capital Investors and/or Third Parties acting as “co-sponsors” or “joint-venturers” with the Adviser with respect to a particular transaction.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities among the applicable Funds and Bain Capital Investors and/or Third Parties co-investing with such Fund, and will make allocation determinations consistently therewith to the extent such policies and procedures apply to a particular investment opportunity. From time to time, the Adviser and other Affiliate

Advisers may determine to refer certain investment opportunities to the Allocation Committee for review and resolution, particularly in situations where the Adviser and other Affiliate Advisers are unable to resolve conflicts in the allocation of investment opportunities among a Fund, other Funds, other Related Funds and/or Third Parties co-investing with a Fund. Similarly, the Allocation Committee may in its sole discretion determine to review and make determinations regarding certain allocations of investment opportunities.

The other Related Funds, parallel funds, any entities or accounts organized to make co-investments with the Funds in selected transactions because of their size or nature, the General Partner of the Fund and personnel of the Adviser and its affiliates and certain related persons may invest in other transactions in which a Fund participates on the basis described in the Funds' limited partnership agreements (or analogous organizational documents).

Other Related Funds may invest in assets eligible for purchase by a Fund. Members of the Adviser's advisory board or investment committee who have obligations to another Affiliate Adviser and other Related Funds will have a conflict of interest where an investment opportunity may be appropriate for both a Fund and such other Related Fund advised or managed by such other Affiliate Adviser, and such persons are under no obligation to make any such investment opportunity available to such Fund or to make available to such Fund any other investment opportunity that may arise in connection with the obligations to another Affiliate Adviser or other Related Funds. The investment policies, fee arrangements, carried interest, investments owned by personnel of the Adviser or the other Affiliate Advisers with respect to a Fund, and other circumstances of the Fund, may vary from those with respect to other Related Funds. The potential for higher carried interest rates (including varying effective rates based on the past performance of a Related Fund) creates an incentive for Bain Capital to disproportionately allocate time, services or functions to Related Funds paying carried interest at a higher rate, or allocate investment opportunities to such Related Funds. To the extent the Adviser or a General Partner of a Fund determines that it is desirable for all or any portion of an investment opportunity to be purchased by third parties, including without limitation, Funds, investors in a Fund, strategic partners, other investors or such persons acting as finders or brokers of transactions, such opportunity need not be made available to the Related Fund. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

The Adviser also reserves the right to make independent decisions regarding recommendations of when an applicable Fund should purchase and sell investments, and the other Affiliate Advisers reserve similar rights with respect to the Related Funds that they advise. As a result, a Fund may be purchasing an investment at a time when another Related Fund is selling the same or a similar investment, or vice versa. A Fund may invest in opportunities that another Related Fund has declined, and likewise, such Fund may decline to invest in opportunities in which another Related Fund has invested. These positions and actions may adversely impact, or in some instances may benefit, certain of the Related Funds. In particular, a Related Fund that co-invests with a Fund may have different investment objectives or a different structure than a Fund, including providing its limited partners with liquidity. Such Related Funds may need to exit their investments before such Fund in connection with limited partner redemptions or otherwise, which may have an adverse effect on such Fund's continuing investment in such portfolio investment by putting downward pressure on the value of such Fund's interest, which such Fund has opted to hold longer term. The other Related Funds are under no obligation to act in a way that furthers or protects the interests of a Fund. The other Related Funds could earn a return on its investment that exceeds a Fund's return.

While expected to be uncommon, from time to time the Adviser and the other Affiliate Advisers may, in their discretion, enter into transactions with one or more Related Funds to dispose of all or a portion of

certain investments held by one or more Related Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser or its Affiliate Advisers may consider some or all of the factors listed above. The sales price for such transactions will be mutually agreed to by the Adviser or its Affiliate Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser or an Affiliate Adviser. Although neither the Adviser nor the Affiliate Adviser is obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Related Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Related Fund(s). Any such transactions will comply with the limited partnership agreements (or analogous organizational documents) of the applicable Related Fund(s).

### *Warehousing Investments*

One or more Funds or Related Funds may acquire an investment and sell all or a portion of such investment to a Fund shortly thereafter. Bain Capital may acquire investments on behalf of the Funds and thereafter transfer such investments to a Fund. Generally, in these situations, any such investment is expected to be acquired from the other Funds, Related Funds or Bain Capital for the cost of such investment, including any expenses, costs of borrowing or interest attributable thereto, and taking into account the impact of any currency fluctuations, plus simple interest on such amount at a per annum rate equal to the cost of capital to the transferor under the transferor's borrowing facility. However, there is no guarantee that the value of the investment will not have fluctuated, including declining significantly, between the time of acquisition and the date the investment is transferred to the Adviser, but the Funds will remain obligated to acquire such investment for the pre-agreed amount.

### *Investments Alongside Other Funds or Other Related Funds*

Conflicts also arise when a Fund makes investments in conjunction with an investment being made by another Related Fund, or in a transaction in which another Related Fund has already made an investment. Investment opportunities have in the past and may in the future be appropriate for a Fund and another Related Fund at the same, different or overlapping levels of a portfolio investment's capital structure. Conflicts may also arise in determining the terms of investments, especially where the Affiliate Advisers control the structure of a transaction and its capitalization. For example, investments by a Fund in transactions controlled by another Related Fund may be subject to investment terms, including with respect to liquidity or governance, that may be more restrictive than those preferable for such Fund if it were investing without a Related Fund. As another example, if a Related Fund is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than another Fund or another Related Fund, as an equity owner, may desire and conflicts will arise if the debt securities become distressed. A Fund or another Related Fund that holds an equity interest in a portfolio investment may have a conflict of interest in recommending that such portfolio investment take, or refrain from taking, certain actions with respect to debt securities held by another Related Fund.

There can be no assurance that the return on a Fund's investments will not be less than the returns obtained by other Related Funds participating in the transaction. Employees and related persons of the Adviser and the other Affiliate Advisers have made or may make large capital investments in or alongside a Fund and other Related Funds, and therefore will have additional conflicting interests in connection with joint

investments. In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by another Fund or a Related Fund or a portfolio investment of another Fund or a Related Fund. The Adviser and Affiliate Adviser will determine all matters relating to structuring transactions and capitalizing portfolio investments, including the amount and terms of investments in properties and allocation of investments in properties among the Funds and the involved Related Funds using its best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of investments between the Funds and Related Funds will likely be affected by a fund's stage in its lifecycle. For example, a newly organized fund may seek to purchase a disproportionate amount of investments until it is ramped up.

#### *Cross-Guarantees*

In connection with seeking financing or refinancing of a portfolio investment, there may be situations where the Adviser can obtain advantageous financing terms when more than one portfolio investment provides collateral, particularly in circumstances where the assets of each portfolio investment are similar in nature. As such, a portfolio investment of one Fund may enter into cross-collateralization arrangements with another portfolio investment or a portfolio investment of another Fund or Related Fund. While the Adviser anticipates any such financing arrangements to generally be non-recourse to the Funds and Related Funds, as a result of any cross-collateralization, such Fund could also lose its interests in otherwise performing investments due to poorly performing or non-performing investments of a Related Fund.

#### *Formation of Parallel Vehicles*

An applicable General Partner may designate in its discretion one or more investment vehicles established by the applicable General Partner, the Adviser or their respective affiliates as a parallel vehicle, including an investment vehicle formed to make certain investments or a category of investments alongside a Fund (including based on geography). To the extent parallel vehicles are formed, the Funds will have reduced exposure to investments that are allocated among such Funds and such parallel vehicles. Similarly, to the extent a parallel vehicle participates in a subset of the Funds' investments, such Funds will consequently hold a greater concentration and have exposure to the investments in which such parallel vehicle does not invest, which could make the Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

#### *Investment in a Fund by Related Funds and Personnel of Affiliate Advisors*

Certain Related Funds and personnel of Affiliate Advisors may invest in a Fund as Fund Investors. The Adviser may from time to time in its sole discretion provide another Affiliate Advisor and its personnel of any such Related Funds certain information about a Fund's investment portfolio, although it is under no obligation to do so and has the discretion to decide not to provide any such information at any time. As a condition of receiving such information, the Affiliate Advisor must agree that it will use such information solely for the purpose of making investment recommendations to such Related Fund with respect to its exposure to certain investment sectors and geographies, and not for the purpose of making any other investment recommendations to such Related Fund or for any other purpose and it must agree not to disclose such information to any other person. Conflicts will arise to the extent the interests of such Related Funds conflict with those of a Fund.

#### *Conflicts Relating to Third-Party Co-Investment Opportunities*

The Adviser anticipates that co-investment opportunities will arise with respect to future Funds' investments. The availability and amount of co-investment opportunities with respect to any particular Fund investment

is initially dependent on the determination of the appropriate amount of the investment that should be allocated to the applicable Fund. Where the size of the investment opportunity exceeds the amount allocated to such Fund, the amount of such excess that can be offered as a co-investment opportunity may be limited by, among other things, the amount allocated to co-sponsors, strategic investors or other persons whose investment was influential in obtaining or closing the investment, or who provide a benefit or potential benefit to the potential portfolio investment, which may include certain limited partners (collectively, “Co-Underwriters”). Co-Underwriters are generally expected to be involved from the beginning of the investment process, share in due diligence costs and invest alongside the applicable Fund. To the extent that, after the foregoing considerations, the Adviser has a co-investment opportunity to offer, the Adviser intends to offer the remaining opportunity, in its sole discretion, to (x) limited partners or other investors who have indicated to the Adviser and/or an affiliate an interest in participating in syndicated co-investment opportunities and/or (y) any Related Funds (each, a “Co-Investor” and collectively, the “Co-Investors”).

Subject to any Investment Allocation Requirements, no limited partner has a right to participate in or receive notice of any such co-investment opportunity. Decisions regarding whether and to whom to offer such co-investment opportunities are made in the sole discretion of the Adviser. Such co-investment opportunities are expected to be offered to some and not other limited partners of Funds, in the sole discretion of the Adviser, and limited partners may be offered a smaller amount of co-investment opportunities than originally requested. Co-Investors may purchase their interests in a portfolio investment at the same time as the Funds, or purchase such interests from the applicable Funds after such Funds have consummated their investment in the portfolio investment (also known as a post-closing sell-down or transfer).

Subject to the foregoing considerations, in exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms thereof, the Adviser considers some or all of a wide range of factors, which may include, but are not limited to, the following:

- The Adviser’s evaluation of the potential Co-Investor’s level of interest in investment opportunities (including level of interest in a particular industry or type of business), and size and financial resources of the potential Co-Investor;
- The Adviser’s perception of the ability of that potential Co-Investor (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Funds without harming or otherwise prejudicing such Funds, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Whether the Adviser determines that allocating investment opportunities to a potential co-investor will help establish, recognize, strengthen and/or cultivate relationships that may provide longer-term benefits to the Funds or future Funds, the Adviser, the Affiliate Advisers or the applicable portfolio investment;
- The Adviser’s evaluation of its past experiences and relationships with the potential Co-Investor, such as the willingness or ability of such person to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;
- The Adviser’s evaluation of whether the profile or characteristics of the potential Co-Investor may have a positive or negative impact on the viability, prospects or terms of the proposed investment opportunity and the ability of the applicable Fund to take advantage of such opportunity (for



example, if the potential Co-Investor is involved in the same industry as a prospective portfolio investment in which a Fund wishes to invest, or if the identity of the potential Co-Investor, or the jurisdiction in which the potential co-investor is based, may affect the terms, structure, or cause other issues with respect to a Fund's participation in such investment opportunity);

- The Adviser's evaluation of whether the investment opportunity may subject the prospective portfolio investment, the Funds, or the potential Co-Investor to legal, tax, regulatory, contractual, reporting, public relations, media or other burdens that make it less desirable for such Co-Investor to participate in a potential investment opportunity; and
- Any confidentiality concerns the Adviser may have that may arise in connection with providing the potential Co-Investor with specific information relating to the investment opportunity in order to permit such person or entity to evaluate the investment opportunity.

The Adviser's exercise of its discretion in allocating investment opportunities among the applicable Funds and the Co-Investors may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

Co-investment opportunities will generally be made available through limited partnerships or other entities formed and controlled by the Adviser or its Affiliates. The terms of any such coinvestment will be set by the Adviser in its discretion, subject to acceptance by each potential Co-Investor, and may include preferable terms and conditions offered only to one or more Co-Investors (including terms and conditions offered only to Co-Underwriters). The Adviser or its Affiliates may charge Co-Investors a carried interest and/or a management fee with respect to an investment in a co-investment vehicle. However, even if a carried interest and/or a management fee is charged, the amount of such carried interest and/or fee will generally be less than the amounts borne by limited partners with respect to an investment by a Fund. Further, the Funds generally are expected to have a higher expense ratio than the expense ratio associated with any particular co-investment. In particular, if a prospective Fund investment fails to complete, the costs associated with investigating and pursuing such Fund investment will be borne by such Fund, notwithstanding that if such Fund investment were completed, a portion of such investment would be taken up by Co-Investors. Accordingly, limited partners that participate in co-investments may have significantly higher net returns from their investments than limited partners that do not, or cannot, so participate.

A Fund may sell down an interest in its portfolio investments to Co-Investors at fair market value. Subject to the applicable limited partnership agreements (or analogous organizational documents), the Adviser may charge a Co-Investor (such as an investor or a third party) interest costs for the time period between the closing of the applicable Fund's investment in a portfolio investment to the date of the transfer of interests in such portfolio investment to the applicable Co-Investor. In addition, in the event the Adviser determines to offer an investment opportunity to Co-Investors, there can be no assurance that the Adviser will be successful in offering such co-investment opportunity to any potential Co-Investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on terms and conditions that will be preferable for a Fund or that expenses incurred by the Fund with

respect to the syndication of the co-investment will not be substantial. In the event that the Adviser is not successful in offering a co-investment opportunity to potential Co-Investors, in whole or in part, such Fund will consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make a Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by a Fund which is not syndicated to Co-Investors as originally anticipated could significantly reduce such Fund's overall investment returns.

#### *Conflicts Relating to Pooled Investment Vehicle Investments*

A Fund may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, the Adviser or its related persons. In such a case, investors in such Fund will bear not only the direct management fees and other expenses associated with their investment in the Fund, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to the Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for then Adviser.

#### *Joint Venture Partners*

The Funds typically enter into joint venture arrangements with strategic partners that have expertise in the real estate industry ("Joint Venture Partners"). Portfolio investments made with Joint Venture Partners will involve management, incentive and/or other fees payable to such Joint Venture Partners (as determined by the Adviser or general partner of the applicable Fund, in each case in its sole discretion) payable by the applicable Fund, joint vehicle or portfolio investment, which will reduce the actual returns realized by the Funds or limited partners on their investments in the Funds, and which will not reduce the management fee with respect to the applicable Fund.

#### *Allocation of Fees and Expenses*

The appropriate allocation among Funds (including among the Funds and any parallel vehicles), other Related Funds, the Fund investors and Third Parties of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and the Affiliate Advisers and their respective affiliates in good faith, consistent with the limited partnership agreements (or analogous organizational documents) of the Funds and Related Funds, as applicable. It is possible that there may be no third party that has agreed to share expenses with a Fund if the co-investment is not consummated, with the result that such Fund may bear all of the expenses relating to that potential investment notwithstanding that third parties may have benefitted from the opportunity to review, investigate and otherwise assess that potential investment, or that such third parties may be entitled to receive all or a portion of any termination fees paid in respect of such unconsummated co-investment.

The appropriate allocation among the Funds, the parallel vehicles, and the Related Funds of expenses and fees generated in the course of evaluating and making investments often will not be clear, especially where more than one Related Fund participates. For instance, if a Fund and another Related Fund are considering making an investment that is not consummated, allocation of the expenses generated for the account of such Related Funds (such as expenses of common counsel and other professionals) will be made in good faith.

Generally, when the Affiliate Advisers incur expenses that are related to more than one Related Fund, they will typically allocate such expense among all Related Funds eligible to reimburse expenses of the applicable nature. In general, each relevant Affiliate Adviser will participate in the resolution of all such matters using its best judgment, considering all factors it deems relevant, but in its sole discretion.

Investments sourced and evaluated by an Affiliate Adviser that are deemed inappropriate and rejected for investment by the applicable Funds may be offered to the Affiliate Advisers for investment by the other Related Funds or for Bain Capital personnel. The other Related Funds or Bain Capital personnel will, for some investments, benefit from the evaluation and due diligence undertaken by the Adviser on behalf of, and/or valuation or pricing materials or services relating to the assets held by, the applicable Funds. In such circumstances, the Related Funds and/or Bain Capital personnel that have invested will be allocated the expenses, as determined in good faith by the applicable general partner of the applicable Fund, incurred by the Adviser and/or incurred by the applicable Funds as they relate to such investment.

It is possible that Related Funds and/or Affiliate Advisers may benefit from research materials initially procured in the course of evaluating potential investments on behalf of the Funds without agreeing to share expenses with the Funds for such research materials or services.

### *Insurance Expenses*

The General Partners may cause the Funds to purchase, or share in the expenses of, insurance policies, including insurance policies covering more than one Related Fund and the activities of Bain Capital generally, that the General Partners consider necessary or appropriate for the conduct of the business of the Funds, including key personnel insurance policies naming the Funds as beneficiaries and insurance policies covering any person individually against all claims and liabilities of every nature arising by reason of being, or holding, having held, or having agreed to hold office as, a partner, officer, member of the Advisory Board, employee, agent, investment advisor or manager, or independent contractor of the Funds, or being, serving, having served, or having agreed to serve at the request of the Funds as a partner, director, trustee, officer, member, employee, agent or independent contractor of another partnership, limited liability company, corporation, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted by any such person in any of the foregoing capacities, including any action taken or omitted that may be determined to constitute negligence, whether or not in the case of insurance the Funds would have the power to indemnify such person against such liability. The Funds' share (as determined by the General Partners) of fees and expenses incurred in connection with obtaining and maintaining any such insurance policy or policies, including any commissions and premiums and any expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation related to such insurance policies, will be Fund Expenses.

### *Cross Transactions*

In certain cases, the Adviser may cause a Fund to purchase investments from another Related Fund, or it may cause a Fund to sell investments to another Related 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 Related Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, the Affiliate Advisers, their affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Related 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, the Affiliate Advisers and their affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are 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 may consult with its limited partner advisory board and will follow the Investment Allocation Requirements of the relevant Funds (e.g., the limited partnership agreements (or analogous organizational documents) of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that such Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). 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 affect any such transaction for any Fund where the Adviser is 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(3) of the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the Funds 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 Fund (what is commonly referred to as a "principal transaction"), the Adviser must make certain disclosures to the Fund of the terms of the proposed transaction and obtain the Fund's consent to the transaction. In connection with the Adviser's management of the applicable Funds, the Adviser and its affiliates may engage in principal transactions. 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(3) 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.

### *Conflicts Relating to Existing Investments*

#### *Affiliated Investments*

Further conflicts will arise once a Fund has made an investment in an asset or company in which another Fund or a Related Fund has also invested, particularly where such Fund and such other Fund or Related Fund invest in different types of securities. For instance, a client of a Related Fund may make loans with respect to a property. As a result, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation or foreclosure inside or outside of bankruptcy, and the terms of any workout or restructuring, raise conflicts of interest. In connection with a restructuring of a financially distressed property, the equity interests and/or subordinated debt with respect to the property may be extinguished or substantially diluted while certain creditors may receive a recovery of some or all of the amounts due to them and/or may receive equity with respect to the property. In this regard, as a debt holder with respect to a property subject to a restructuring, another Related Fund may receive a recovery of amounts owed to it as a lender while a Fund's interest may be extinguished or substantially diluted. The involvement of Affiliate Advisers at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Funds or other Related Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of

their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds or other Related Funds may or may not provide such additional capital, and if provided the Funds and other Related Funds will supply such additional capital in such amounts, if any, as determined by the Adviser and the other relevant Affiliate Advisers in their sole discretion. Each Affiliate Adviser will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by the advisory boards or similar committees of the participating investment funds.

#### *Follow-On Investments*

Investments to finance follow-on acquisitions are a regular part of the business of the Related Funds. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing, and, if the Related Fund making the follow-on investment has not previously invested in the relevant portfolio investment, raise the risk of using such Related Fund's assets to support positions taken by other Related Funds. In addition, from time to time, a Related Fund will participate in releveraging and recapitalization transactions involving portfolio investments in which other Related Funds have invested or will invest. Recapitalization transactions will present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for investment or purchasing securities with terms that are more or less favorable than the prevailing market terms. Each Affiliate Adviser will resolve all such conflicts using its best judgment, but in its sole discretion, subject in certain cases to approval by the respective advisory board or similar committee of the participating investment funds.

#### *Equity Investments*

A Fund and/or other Related Funds in many cases will own a significant or controlling percentage of the common equity of portfolio investments which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such portfolio investment and the participating Funds and accounts and other relevant factual circumstances, could result in an extension of bankruptcy preference periods with respect to payments made to such Funds and/or subordination of claims to other creditors and/or recharacterization of debt claims into equity claims. In addition, because of their equity ownership, representation on the boards of directors, and/or contractual rights, a Fund and other Related Funds will be thought to control, participate in the management of or influence the conduct of portfolio investments. The effect of these relationships will vary in non-U.S. jurisdictions. These factors could expose the assets of a Fund to claims by a portfolio investment, its security holders, its creditors or governmental agencies.

#### *Private Placements*

A portion of a Related Fund's investments may consist of securities that are subject to restrictions on resale by such Related Fund because they were acquired in a "private placement" transaction or because such Related Fund is deemed to be an affiliate of the issuer of such securities. Generally, a Related Fund will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, the Related Fund may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under that Act.

#### *Business with Portfolio Investments Limited Partners and Third Parties*

As described above under “Conflicts Relating to the Adviser, the General Partners of the Funds and certain Affiliate Advisers,” the Adviser may, and typically does, recommend to the applicable Fund and to portfolio investments of such Funds that they contract for management services and other services with the Adviser or another Affiliate Adviser, providing the Adviser, the Affiliate Adviser or their affiliates with a financial or other benefit. When making such a recommendation, the Adviser may, because of a financial or other business interest, has an incentive to recommend its own services and those of its affiliates even if another person is more qualified to provide the applicable services or can provide such services at a lesser cost.

When contracting to provide such services to portfolio investments of the Funds, the Adviser and its affiliates may receive periodic fees or other compensation for such services as well as fees or other compensation in connection with subsequent transactions. The Adviser and its affiliates may also receive expense reimbursement and certain indemnification rights from the portfolio investments of the applicable Funds in connection with such agreements.

In certain instances, a portfolio investment of a Fund may compete with another Related Fund’s portfolio investment. A conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio investment may have adverse consequences to a competitor portfolio investment owned by another Related Fund.

The General Partner of a Fund and the General Partners of the other Related Funds may from time to time utilize the services of limited partners and their affiliates on an arm’s length basis, as they deem appropriate.

Certain members of a Fund’s advisory board are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Related Fund.

### *Fund Leverage*

To the extent the Funds incur any indebtedness secured by the capital commitments of the limited partners that participate in and benefit from the leverage, (i) capital commitments of limited partners which elect to fund capital contributions on a shorter time frame and not to participate in such borrowings may not be pledged as collateral to secure indebtedness, (ii) capital commitments of Bain Capital and its employees may not be pledged as collateral to secure indebtedness and (iii) capital commitments of any limited partner which is subject to Title I of ERISA or Section 4975 of the Code will not be pledged if the pledge would be a non-exempt prohibited transaction for purposes of Section 406 of ERISA or Section 4975 of the Code. Loans to the Funds may be made by any third party and any such loans will be made on such terms, taken as a whole, as the general partner determines to be fair and reasonable to such Funds. This may result in conflicts of interest between, on the one hand, Bain Capital and its employees, executive officers and directors and limited partners whose capital commitments are not pledged as collateral and, on the other hand, limited partners whose capital commitments are pledged as collateral.

The use of borrowed funds at the Fund level can impact calculations of returns (e.g., IRR and MoM) and can impact the carried interest the Adviser or a Fund’s General Partner receives, as these calculations generally depend on the amount and timing of capital contributions, as well as the level of the organizational structure at which such funds are borrowed or deployed.

### *Other Conflicts of Interest*

#### *Legal Counsel*

A Fund and the other Related Funds will generally engage common legal counsel and other advisers to represent all of the Related Funds in a particular transaction, including a transaction in which the Related Funds have conflicting interests because they are investing in different levels of the capital structure with respect to a property. In the event of a significant dispute or divergence of interest between one or more Related Funds separate representation may become desirable, in which case the Adviser and the other Affiliate Advisers may hire separate counsel in their sole discretion, and in litigation and other circumstances, separate representation may be required. Partners of the law firms engaged to represent the Related Funds may be investors in certain Related Funds, and may also represent one or more portfolio investments or limited partners of the Related Funds. Additionally, the Adviser and the other Related Funds and the portfolio investments of the Related Funds may engage other common service providers, including legal counsel and accountants. In such circumstances, there may be a conflict of interest between the Adviser, on the one hand, and the Related Funds and portfolio investments, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Related Funds and/or the portfolio investments.

### *Procurement*

There may be situations in which the Adviser is in a position of facilitating or otherwise making available portfolio investment services or other third party group purchase arrangements (each such service or arrangement, a “transaction opportunity”) and, as a result, certain portfolio investments of a Fund may be counterparties or participants in agreements, transactions or other arrangements with third parties or the portfolio investments of other Related Funds or such funds themselves. Such transaction opportunities may involve favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. The Adviser could be eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio investments or such third parties in such transaction opportunities, and any discounted amounts will not be subject to offsets against the management fee or otherwise shared with the relevant Fund. In recommending a transaction opportunity, the Adviser has a conflict of interest in maintaining the goodwill between it and the relevant portfolio investment or third party and facilitating or otherwise making available transaction opportunities of one portfolio investment or third party, even though such transaction opportunities may not necessarily be the best available for other portfolio investments or third parties. The benefits received by a portfolio investment of a Fund or third party providing a transaction opportunity may be greater than those received by another portfolio investment of a Fund or Related Fund or such funds themselves or third parties receiving such transaction opportunity.

### *Diverse Investor Base of the Funds and Other Related Funds*

A Fund and the other Related Funds have tax-exempt, taxable, non-U.S. and other investors, whereas most members of the General Partners of the Funds and of the General Partners of the other Related Funds are taxable at individual U.S. rates, which may give rise to various conflicts of interest. In particular, potential conflicts with respect to the nature or structuring of investments (including as to the use of alternative investment vehicles, REITs and other intermediate corporate entities) and dispositions thereof may exist among the interests of taxable and tax-exempt investors, and/or among the interests of U.S. and non-U.S. investors including, in each case, investors in the Funds, any parallel vehicle, and/or any feeder or who are investing alongside the Funds (including through Related Funds). For these reasons, among others, decisions may be made that are more beneficial for one investor than for another investor, particularly with respect to

investors' individual tax situations. In selecting and structuring investments appropriate for the Funds and dispositions thereof, the Adviser and the Affiliate Advisers will consider the investment and tax objectives of the Funds, not the investment, tax or other objectives of any investor individually. Conflicts of interest between the investors and the Adviser may also arise in connection with decisions made by the Adviser, including with respect to the structuring of investments and the reporting thereof or withholding with respect thereto.

### *Additional Investment Partnerships*

Although the General Partner and the Adviser are restricted from holding an initial closing of a successor fund, Bain Capital may organize (i) funds, managed accounts or other similar investment vehicles sponsored or managed by the Adviser or its affiliates that are not competitive with a Fund, including, without limitation, any fund, managed account or similar investment vehicle that is organized to invest primarily in companies which are not target investments or that target a specific segment of the real estate industry; (ii) funds, managed accounts or similar investment vehicles organized to provide equity financing for leveraged acquisitions, to invest in venture or growth stage capital or companies, or to invest in energy, infrastructure and any other alternative asset class; (iii) funds, managed accounts or similar investment vehicles focused on making debt investments or organized to invest in "special situation" investments (e.g., investments intended to capture value in mispriced assets and provide creative solutions to address capital shortfalls), and any other funds, managed accounts or similar investment vehicles sponsored or managed by Bain Capital Real Estate and each of their parallel funds, successor funds and other related vehicles; (iv) funds, managed accounts or similar investment vehicles organized to invest in publicly traded securities and/or multiple asset classes; (v) funds, managed accounts or similar investment vehicles organized to invest in investments that the General Partner determines are (a) more suitable to be held for a period of time longer than the Fund's anticipated investment horizon and/or (b) not expected to generate investment returns commensurate with the General Partner's expectations as to investment returns of the Target Investments; or (vi) funds, managed accounts or similar investment vehicles organized to invest in collective investment vehicles sponsored by unaffiliated managers which in turn invest in target investments. These funds may nonetheless compete for investment opportunities with the Fund and divert time and attention from the personnel of the Adviser.

### *Access to Information*

The Adviser and/or the applicable General Partner often enter into certain side letter arrangements with certain investors providing such investors with different or preferential rights or terms, including side letter rights. Except as otherwise agreed with an investor, none of the Adviser, the Funds or the General Partners are required to disclose the terms of side letter arrangements with other Fund investors.

The limited partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund's General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, certain information may be withheld from limited partners that are subject to FOIA or similar requirements. The General Partners will at times elect to withhold certain information from such limited partners for reasons relating to a General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity may ask different questions and request different information, the Adviser will provide certain information upon request to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.



Additionally, the Adviser may establish separate accounts with portfolios significantly similar to those of the Funds. Consequently, the relevant separate account clients will have access to information about such portfolio holdings before limited partners of the Funds.

### *Advisory Board*

The Funds generally establish advisory boards consisting of representatives of investors, which may have certain consultation and/or approval rights with respect to certain matters, including conflicts of interest. Members of the Funds' advisory board will generally act in their own interest, and will not necessarily act consistently in the best interest of the investors as a whole. In addition, members of the advisory boards of the Funds are likely to receive information regarding the proposed investment activities of the Funds that would not generally be available to the public or other investors of the Funds. Certain members of a Fund's advisory boards may be officers or directors of, or otherwise affiliated with, investors in another Related Fund. Advisory board members will not owe any fiduciary or other duties to the Funds or the investors, and will be entitled to indemnification and exculpation to the fullest extent permitted by applicable law. Consent by the advisory boards to any matter determined by the Adviser to require the consent of a Fund under the Advisers Act, or to any other matter presented to an advisory board by the Adviser for consent, shall be deemed to constitute the consent of the Funds. Each investor is deemed to have consented to the delegation to the advisory boards of any such consent otherwise required of the Funds. Consent of members of the advisory boards may be deemed to be given in a particular case if the members do not expressly object to or disapprove a transaction for which advisory board consent is being sought.

### *Material, Non-Public Information: Trading Restrictions*

From time to time, the Adviser or another Affiliate Adviser will come into possession of material, non-public information, and such information may limit the ability of the Funds to buy and sell investments. Although the Adviser and the Affiliate Advisers currently maintain "ethical walls" which reduce the likelihood that the Adviser will be deemed to possess material, non-public information possessed by other Affiliate Advisers, there is no guarantee that the Adviser and the Affiliate Advisers will maintain "ethical walls" for the life of a Fund, such as circumstances where the members of the Adviser's advisory boards or similar committees are also personnel of other Affiliate Advisers. Furthermore, the Adviser and the other Affiliate Advisers will agree from time to time to "cross" ethical walls, and Bain Capital will from time to time impose restrictions on transactions involving particular issuers in its discretion taking into account all factors it deems relevant in the collective interest of the Adviser and the other Affiliate Advisers. In such cases, a Fund and the other Related Funds could be restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by other Affiliate Advisers will at times limit the ability of a Fund to buy and sell investments. In addition, the Adviser will from time to time be restricted by contract from using confidential information that it, or another Affiliate Adviser, has for the benefit of a Fund.

### *Interpretation of the Limited Partnership Agreement*

The limited partnership agreement and related documents are detailed agreements that establish complex arrangements among the limited partners, the Funds, the General Partners, the Adviser and other entities and individuals. Questions will arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any,

may be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While the relevant agreements will be construed in good faith and in a manner consistent with applicable legal obligations, the interpretations adopted will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or the limited partners.

Different conflicts may exist with respect to investments in different Funds.

Please contact the Adviser's Compliance Department with any additional questions or concerns.

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

### **Code of Ethics**

The Adviser has adopted a Code of Ethics Policy for its employees. The policy describes employees standard of conduct and fiduciary duties and limits personal trading by its employees and their immediate family/household members in a wide range of securities, including common and preferred stock, debt instruments, securities that are convertible or exchangeable for equity or debt securities, and derivative instruments. Employees must report every account that they or their immediate family member use for trading securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear covered securities transactions and have copies of trade confirmations and periodic account statements sent by their broker to the compliance department. Controlled trading by employees and their immediate family/household members is prohibited in a wide range of securities that appear on restricted lists and confidential watch lists, and additional steps are taken to ensure that employees and their immediate family/household members are not permitted to trade for their personal account in securities selected for the Funds and to ensure employees do not engage in "front-running" of the Funds' investment opportunities.

Employees are required to promptly report any violation of the Code of Ethics Policy of which they become aware. Employees are required to annually certify compliance with the Code of Ethics Policy.

A detailed summary of the Code of Ethics is available to Funds, prospective Funds, limited partners and prospective limited partners during the investment due diligence process. A copy of may be obtained by contacting the Adviser's Compliance department.

### **Related Person Investment**

For further detail regarding circumstances in which the Adviser or a related person (a) recommends to clients, or buys or sells for client accounts, securities in which the Adviser or a related person has a material financial interest, (b) invests in the same securities that the Adviser or a related person recommends to clients, or (c) recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or a related person buys or sells the same securities for the Adviser's own (or the related person's own) account, as well as related conflicts of interest, please see "Code of Ethics" and Item 10 above.

In addition, the Adviser's personnel may buy securities in transactions offered to but rejected by the applicable Funds. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If the Adviser's personnel have made large capital investments in or alongside the

Funds they may have conflicting interests with respect to these investments. For further details regarding these arrangements, as well as related conflicts of interest, please see Item 10 above.

## **Item 12. Brokerage Practices**

As the Funds primarily make real estate and real estate-related investments, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio investment, securities held as a result of initial public offerings of portfolio investments, going-private transactions, etc.). However, to meet its fiduciary duties to the applicable Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

For each of the Funds, the Adviser has, subject to the direction of such Fund's General Partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction. "Best execution" means obtaining for a Fund account 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.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

To the extent they aggregate orders for purchase and sale, the Adviser will aggregate such orders as it deems appropriate and in accordance with each Fund's documents and in the best interest of each Fund.

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The portfolio investments of the Funds are generally private, illiquid and long-term in nature, and accordingly, the Adviser's review of them is not directed towards a short-term decision to dispose of securities. However, the portfolio investments of each Fund are continuously reviewed by a team of investment professionals. The team generally includes a Managing Director and other investment professionals of the Adviser. The Adviser closely monitors the portfolio investments of the Funds and generally maintains an ongoing oversight position in such portfolio investments.

### **Reporting**

Investors in the Funds will typically receive, among other things, a copy of financial statements of the relevant Fund. In addition, investors in each Fund will typically receive quarterly summary financial information regarding such Fund following the end of each financial quarter.

Investors in the Funds also receive regular reporting updates through quarterly letters, investor meetings and

other materials provided on the investor website. The Adviser and the applicable General Partner, if any, may from time to time, in their sole discretion, provide additional information upon request relating to such Fund to one or more investors in such Fund as they deem appropriate.

#### **Item 14. Client Referrals and Other Compensation**

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related conflicts of interest, please see Item 10 above. In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by the Funds' portfolio investments.

#### **Item 15. Custody**

The Adviser has determined that it has custody of Fund assets for purposes of the Advisers Act as the Adviser is a related person of the General Partner of each such Fund. It is the policy of the Adviser to comply with the Advisers Act requirements in respect of the assets of any such Fund. The Adviser will conduct all business operations in such a way that it will not physically hold Fund's securities or funds; instead, assets of such Fund will be preserved in the safekeeping of qualified custodians. In addition, custodial banks maintaining Fund assets send statements to an independent representative who compares the account statement received from the custodial bank to the account statements the Adviser delivers to investors.

In accordance with SEC guidance, with respect to certain investments in privately offered securities, a specified custodian may hold only documentation relating to or referencing such investments but not the actual investment itself, and/or investments of a Fund may not be registered in the name of the custodian. Consequently, the custodian may not have control over the disposition of such investments, or the ability to direct delivery of sale proceeds or other distributions from such investments to the custodian. Further, for such investments, the custodian may not have the ability to validate or reconcile ownership of the investment with any third party, including the issuer.

#### **Item 16. Investment Discretion**

The Adviser provides investment advisory services to the applicable Funds pursuant to the Advisory Agreements. Investment advice is provided by the Adviser directly to the applicable Funds subject to the direction and control of the affiliated General Partner of such Fund and not individually to the investors in the Funds. Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Fund, and are set forth in the documentation received by each limited partner prior to investment in such Fund.

#### **Item 17. Voting Client Securities**

Funds are not able to direct the vote of their General Partner. The General Partners intend to vote proxies or similar corporate actions in the best interests of the applicable Fund, taking into account such factors as it deems relevant in its sole discretion.

The Adviser's proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict.

A detailed summary of the Adviser's proxy voting policies and procedures are available to limited partners and prospective limited partners during the investment due diligence process.

A copy of the proxy voting policies and procedures may be obtained by contacting the Adviser's Compliance Department.

Existing clients may obtain copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund, and copies of proxy voting policies and procedures upon written request to: Bain Capital Real Estate, LP, 200 Clarendon Street, Boston, MA 02116.

**Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

**Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.