



Form ADV
Part 2A Brochure
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This brochure ("Brochure") provides information about the qualifications and business practices of Mack Real Estate Credit Strategies, L.P. ("MRECS") and its "relying advisers," MREG Fund Management LLC ("MFM") and Claros REIT Management LP ("CRM"). MRECS, MFM and CRM are each referred to in this Brochure as an "Adviser" and collectively as the "Advisers," "we," "our," "us," etc. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority and our registration with the SEC does not imply a certain level of skill or training.

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

If you have any questions about the contents of this Brochure, please contact us at +1 (212) 484-0050 or IR@mackregroup.com.

2. Material Changes

Since our last annual updating amendment of Form ADV filed on March 30, 2019, we have made clarifying changes and provided additional information in several sections of this brochure. We do not consider these revisions to be indicative of any material changes to our business or the governing agreements between the Advisers and their clients

We recommend that you read this Part 2A of Form ADV in its entirety.

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4. Advisory Business

Our Firm Profile

MRECS: MRECS was formed in 2014. MRECS acts as the investment adviser to Mack Real Estate Finance, L.P., a private fund that was launched in 2018, and its parallel funds including Mack Real Estate Finance-A, L.P. and Mack Real Estate Finance-B, L.P. (collectively, the “**MREF Funds**”). Richard Mack and Peter Sotoloff are the principal owners who maintain (directly and indirectly) at least a 25% ownership interest in MRECS.

MFM: MFM was formed in 2014 and was formerly known as MREG Management L.P. MFM acts as the investment manager for Mack Real Estate Partners L.P. (“**MREP**”), a private fund that invests primarily in multifamily real estate development projects in which the Mack Real Estate Group (“**MREG**”) or a commonly controlled affiliate is the general partner or serves in a similar capacity, and MREG Qualified Opportunity Zone Fund LLC (the “**QOZ Fund**”), a private fund that was launched in 2019. Richard Mack and Solon Mack Partners LLC (which is controlled by Stephen Mack and Robert Feidelson) are the principal owners who maintain (directly and indirectly) at least a 25% ownership interest in MFM.

CRM: CRM was formed in 2015 and acts as investment adviser primarily to Claros Mortgage Trust, Inc. and CMTG/TT Mortgage REIT LLC, each a real estate investment trust (REIT) that engages primarily in the business of originating, acquiring and managing first mortgage loans secured by transitional commercial real estate assets. ARS VII Claros Manager, LP, MRECS Holdings LLC and Mack MRECS Holdco, LLC are the principal owners who maintain (directly and indirectly) at least a 25% ownership interest in CRM.

Our Advisory Services

Each Adviser may provide a range of investment advisory activities related to investments in real estate and real estate-related securities. At present, MRECS provides advice with respect to the MREF Funds which have a broad strategy of investing in commercial real estate credit through loan originations (including construction and land loans), preferred equity investments, recapitalizations, loan acquisitions, public real estate securities and other potential investments, in each case as MRECS deems appropriate depending on market conditions; MFM provides advice primarily with respect to controlling equity investments in real estate development projects; and CRM provides advice primarily with respect to the origination and management of senior mortgage loans and other loans of similar credit quality by private real estate investment trusts (the “**MREITs**”). However, each Adviser may in the future provide advice with respect to other types of investments.

At present, each Adviser provides advice to certain private funds and MREITs that we manage and, to a limited extent, to separately managed accounts created to co-invest in certain investments made by such private funds and/or MREITs. In the future, one or more of the Advisers may provide services to clients through other commingled investment vehicles or separately managed accounts.

Customization of Our Advisory Services

Our advisory services are tailored to meet the specific investment objectives and requirements of each client as set forth in the governing documents establishing our relationship with such client. These documents may include an investment advisory or management agreement and, in the case of the

private funds and MREITs that we manage, a private placement memorandum, partnership agreement, operating agreement, bylaws and/or other governing documents. The governing documents of each client typically define a strategy and may impose certain investment restrictions such as the type and geographic location of investments, typical size, maximum leverage and the percentage of the client's assets that can be invested in a single asset. Any such restrictions apply to the relevant client as a whole. We do not provide investment advice to underlying investors in our private funds or MREITs based on their individual needs. However, we may enter into side letter agreements with certain investors which expand or otherwise modify such investors' rights or obligations under the governing agreements for a particular private fund subject to the terms of such fund's governing documents and applicable law.

Wrap Fee Program Participation

We do not provide services under any wrap fee program.

Assets Under Management

We managed approximately \$7,755,771,304 of client "regulatory assets under management" ("**RAUM**"), all of which we managed on a discretionary basis, as of December 31, 2019.

5. Fees and Compensation

Advisory Fees

We generally receive an asset- or equity-based management fee ("**Management Fee**") and an annual performance-based fee or allocation of profits (also sometimes called a "carried interest", "promote" or "incentive fee") ("**Performance Compensation**") from each client. Specific fee arrangements are set forth in the relevant management or advisory agreement with each client and/or the governing documents for each private fund and MREIT that we manage. However, we may negotiate different fee arrangements with any client or with any investor in any of the funds that we manage, subject to applicable tax, legal and regulatory considerations. We waive Management Fees and Performance Compensation for some (but not necessarily all) of our principals, employees, affiliates and family members as to investments they make in a private fund that we advise but not as to the MREITs.

Management Fee

MRECS receives a Management Fee from the MREF Funds that varies during the life of such funds. During the MREF Funds' investment period (i.e., the period during which we may call capital from underlying investors for new investments), MRECS receives a Management Fee of up to 1.50% per annum based upon the amount of capital commitments made to the MREF Funds, regardless of whether such capital has been invested (and without any assurance as to if or when capital will ultimately be invested). Following the expiration of the MREF Funds' investment period, the fee is up to 1.50% per annum of invested capital (i.e., capital contributions relating to unrealized investments). MREF Management Fees are subject to a sliding scale discount provided in respect of larger capital commitments, and may also be customized with respect to an underlying investor in the MREF Funds.

MFM receives a Management Fee that also varies during the life of MREP. During MREP's investment period, the fee is 1.5% per annum based upon the amount of capital commitments made to MREP. Following the expiration of MREP's investment period, the fee is 1.5% per annum of capital

contributions relating to unrealized investments. The QOZ Fund pays MFM a Management Fee of 1.0% per annum of invested capital (i.e., capital contributions relating to unrealized investments).

CRM currently receives from the MREITs an annual Management Fee, payable quarterly in arrears, generally calculated at an annual rate equal to 1.5% of stockholders' equity, although different Management Fees apply during an inactive period or wind-down period, as specified in greater detail in the governing documents of the MREITs. CRM may reduce the applicable Management Fee rate for an MREIT as a whole (but not its individual underlying investors) and to date has done so for one of the MREITs for which the services being performed are more narrowly tailored than those performed for the other MREITs.

Performance Compensation

MRECS is generally entitled to receive 20% of the profits from the MREF Funds (other than with respect to investors affiliated with the Advisers) pursuant to a distribution waterfall described in the offering documents of the MREF Funds. Performance Compensation received from the MREF Funds is subject to modification on a case-by-case basis as agreed between MRECS and an underlying investor in the MREF Funds.

MFM does not at present charge Performance Compensation to MREP. MFM is generally entitled to receive 20% of the profits from the QOZ Fund pursuant to a distribution waterfall described in the offering documents of the QOZ Fund. Performance Compensation received from the QOZ Fund is subject to modification on a case-by-case basis as agreed between MFM and an underlying investor in the QOZ Fund.

CRM is entitled to receive from each MREIT an incentive fee in an amount equal to the Incentive Fee Rate (as defined below) multiplied by the excess of Core Earnings (as defined in the management agreement between CRM and the relevant MREIT) over an internal rate of return on stockholders' equity (typically 7.00% per annum). The incentive fee is payable quarterly in arrears, and is calculated on a cumulative basis either with reference to a rolling four quarter period (requiring positive Core Earnings for each such quarter before any incentive fee is payable) or with reference to lifetime performance from inception through each date of determination (requiring that the specified internal rate of return is achieved before any incentive fee, or any additional incentive fee, is payable). The "Incentive Fee Rate" is generally 20% except that CRM may negotiate such rate for an MREIT as a whole (but not its individual underlying investors) and does so for one MREIT where CRM's services have a narrower scope.

Fee Payment

Management Fees are generally calculated and payable quarterly, either in advance or in arrears, and Performance Compensation is generally calculated and payable annually in arrears, in each case as agreed with each client or any investor in any private fund or with respect to any class of shares in an MREIT. In some cases, a client may have the right to terminate an investment management agreement with us. In the event we have received management fees exceeding the amount of fees to which we are entitled through the date of termination, such excess amount would be credited to the relevant client in accordance with its governing documents and applicable law.

Other Fees/Expenses

Our clients typically bear all expenses related to their investments (including investments that are not consummated) and operations, directly (or indirectly, in the case of joint venture expenses and any promote or other fee paid to a third party joint venture partner) or by reimbursing the Adviser or general partner, except to the extent that a borrower or other counterparty agrees to pay such expenses. These payments reduce returns to clients and investors and may reduce the amount of capital available to be deployed in investments for a client.

The operating costs borne by our private funds and MREITs include expenses incurred in connection with the sourcing, evaluation, structuring, negotiation, acquisition, management, monitoring, holding, financing, refinancing, servicing and disposition of investments (including without limitation travel and entertainment expenses and expenses relating to the sourcing, evaluation, structuring and negotiation of investments that are not made), legal (including litigation), accounting, auditing, valuation, appraisal, banking, tax, entity formation and management and insurance costs and expenses, indemnification expenses, fund compliance expenses, reporting and communication costs and all other administrative expenses as described in greater detail in the governing documents of each client. When appropriate, expenses are allocated among participating client accounts in proportion to their participation in a specific investment, in proportion to their respective net asset values or equity commitments under management, or in such other manner as is determined to be equitable.

In addition to the compensation we receive for performing investment management services, we or our related persons (and affiliates of our related persons) may be retained by one or more clients and/or, in the case of MREP, by investment-level subsidiaries that require certain construction management, property management, asset management, legal, tax, accounting, marketing/leasing, financing, and development and pre-development services that would otherwise be provided by an unaffiliated third party. The amounts charged in connection with such services are disclosed to MREP's limited partners on an annual basis and are borne by all limited partners including limited partners who have negotiated the terms of their investments and limited partners who are affiliated with MFM. Annually, limited partners (or the limited partner advisory committee, if applicable) are also provided with the opportunity to object to such fees or expenses or request that third party quotes be obtained (to the extent feasible). The QOZ Fund may enter into similar arrangement with affiliates provided that (i) the terms of any such arrangement, taken as a whole, are no less favorable to the QOZ Fund than could be obtained in a bona fide transaction with unaffiliated third persons, or (ii) such arrangement has been approved by the QOZ Fund's Special Member (the "**Special Member**") or a majority of its investors; provided, however, that certain fees set forth on a schedule to the QOZ Fund's governing documents have been pre-approved by investors so that fees charged in accordance with such schedule do not require further approval. Any similar arrangements with affiliates in respect of the MREITs require approval from the relevant MREIT's board of directors (each of which includes investor representatives). The governing agreements of the MREF Funds impose certain requirements with respect to transactions with affiliates including the provision of services from affiliates. These requirements generally involve the disclosure to a limited partner advisory committee of compensation paid to MRECS affiliates and, in some circumstances, permit such committee to approve of compensation paid to, or other transactions with, MRECS affiliates.

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

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

As noted in Item 5, for certain of our clients we charge performance-based compensation. Performance Compensation arrangements may vary from client to client, and we only charge a performance-based fee or allocation in relation to clients that meet certain minimum required criteria for being charged performance-based compensation.

A primary concern with the use of performance-based compensation arrangements is that they may create an incentive for a firm to engage in riskier investment behavior due to the higher return potential associated with many high-risk investments.

Also, an Adviser may have an incentive to favor (i.e., spend more time and resources or allocate specific investment opportunities anticipated to be more profitable than others) the accounts of clients subject to performance-based compensation over accounts not subject to performance-based compensation, or subject to a lower fee, in order to maximize the potential fee revenue from the account subject to the performance-based compensation. Currently, we have limited overlap of investment strategies across clients but this may change in the future (and the potential for conflict also exists within a particular strategy that involves multiple investment vehicles, such as the MREITs).

7. Types of Clients

We currently advise only certain private investment funds, separately managed accounts and specialty finance operating companies organized as real estate investment trusts (REITs). However, we may provide advisory services to other clients including other commingled investment vehicles in the future.

The private investment funds and separately managed accounts that we manage in the United States ordinarily take the form of limited partnerships or limited liability companies. To the extent we manage private investment funds that are organized outside the United States, they would ordinarily take the form of corporations or limited partnerships. The MREITs represent corporations or limited liability companies taxable as corporations, in each case that have made elections to be treated as Real Estate Investment Trusts (REITs) for tax purposes.

We do not impose a standard set of minimum fees or other conditional requirements for any client relationships. With respect to clients that are private investment funds or MREITs, in some cases there is a minimum capital commitment from each underlying investor (such as \$10 million in the case of common stock investors in the MREITs). However, a client's offering documents typically provide that we may accept lesser commitments in our sole discretion.

As noted in Item 5, for certain of our clients we charge performance-based compensation. The existence of the carried interest or performance allocation may create an incentive for us to make riskier or more speculative investments on behalf of those clients than would be the case in the absence of these arrangements, although our commitment of capital to these clients as their sponsor should reduce this incentive. As described in more detail below, we have adopted allocation policies designed to treat all clients fairly and equitably in accordance with the applicable governing documents.

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

MRECS AND CRM

Through the MREF Funds, MRECS evaluates and makes a variety of commercial real estate debt investments. Through the MREITs, CRM is focused primarily on originating senior and subordinate loans on transitional commercial real estate assets located in major U.S. urban markets. The investments made by the MREF Funds generally target a higher yield than investments made by the MREITs.

MRECS and CRM employ some or all of the following strategies as deemed appropriate for market conditions and the relevant client objectives:

Direct Mezzanine / Preferred Equity Investments. We seek to make mezzanine loan or preferred equity investments on existing transitional and stabilized properties alongside banks and other financial institutions in the senior loan position.

Recapitalizations. At this point in the cycle, we increasingly see transitional real estate projects that are unable to meet their business plans and therefore require additional funding.

Construction / Land Lending. We seek to make loans on to-be-developed properties within major metropolitan areas. These loans are characterized by strong sponsorship, lower loan-to-cost ratios than operational assets and feasible business plans. We will rely on the deep construction experience of MREG and its affiliates in underwriting these transactions.

Control of the Capital Stack. We may consider “stretch senior” loans and will seek to generate above market returns for the subordinated position by providing a one-stop solution to the borrower and assuming the syndication risk of financing senior participation. Our management team has deep relationships with banks and other senior debt providers that we believe will allow us to execute this strategy.

Acquiring Legacy Loans. Increasingly, we believe there will be tactical situations to acquire subperforming legacy loans at discounts from financial institutions, owing to a changing regulatory environment, capital needs elsewhere in such institutions’ business and potential workouts which current owners are unequipped to handle.

Public Real Estate Securities. We believe dislocations in the real estate debt markets will, on occasion, create the ability to buy listed securities at attractive pricing.

The MRECS and CRM investment process is guided by several key principles:

Basis. We believe that basis (\$ per key, \$ per square foot, \$ per unit, etc.) is a key factor in determining the success of a transaction. We focus on the basis of a potential borrower and its ability to generate profits in the property and we are highly focused on ensuring that our loan basis is defensible and resilient in the face of market dislocation.

Borrower Expertise. We seek to make investments backed by borrowers who have a demonstrable track record in owning and operating real estate, and which have executed similar business plans.

Leverage Broader MREG platform. We seek to leverage our more than 225 affiliated professionals across our equity investment, development and property management teams to inform our underwriting of a borrower's revenue and cost assumptions, and structure investments so as to limit downside risk.

Disciplined Underwriting, Loan Documentation and Investment Committee Procedures. We employ an ownership mindset in our origination, underwriting and asset management disciplines. Our loan documents are designed to hold borrowers accountable to achievement of their business plans. Our Investment Committee is comprised of real estate debt investment, equity investment and development veterans that scrutinize all material aspects of a loan and the borrower's business plan.

Execution Risk, Not Capital Market Risk. We are comfortable taking execution risk in complex transactions provided they present opportunities to achieve superior risk-adjusted returns. We do not expect our returns to be dependent on excessive basis/leverage and/or recourse financing against our investments. When accepting syndication risk, we seek transactions where we believe there will be robust market demand for the senior debt position.

Focus on Asset Management. We believe that maximizing value for investors requires intense asset management. Our property management, asset management and development teams and professionals visit assets regularly. We seek to hold borrowers strictly to their business plans and our familiarity with the assets allow us to assist the borrower and/or step in quickly to take over an asset in the unlikely event that this becomes necessary.

Downside Protection. We emphasize preservation of capital and seek out transactions where we are confident in our ability to be repaid even in the event of foreclosure or borrower default.

We seek to hedge or otherwise mitigate interest rate, credit, currency and investment risks to the extent applicable and appropriate in light of the overall objectives of the private funds and MREITs. Leverage may be utilized in accordance with the relevant offering and governing documents. We may also seek additional strategic investment opportunities on behalf of the private funds and MREITs in a manner consistent with their investment objectives.

MFM

Through the QOZ Fund, MFM is focused on primarily making investments targeting the renovation, repositioning and/or development of multifamily and industrial/distribution properties located in qualified opportunity zones.

Through MREP, whose active investment period has expired with certain exceptions set forth in MREP's governing documents, MFM has focused its efforts predominantly on the development of multi-family housing because throughout MREP's investment period MFM was of the view that more attractive spreads could be achieved on stabilized yields relative to acquisitions (i.e., the cost to build vs the cost to buy or replace). MFM expects strong long-term performance of that property type on a relative basis especially in higher barrier to entry, typically transit-oriented markets of the United States (such as New York, Miami, downtown Los Angeles, Seattle and others). These are markets in which it is difficult to transact due to scarcity of developable land, a high degree of competition for sites, regulatory and financial complexities and other similar factors. These markets also share demand drivers, such as a growing job and population base, low home ownership, low home affordability, and growing household

formation. Furthermore, the competition of “buy-to-rent” home supply remains mainly in suburban areas and is less present in these urban markets. In turn, over the long term, MFM expects that these factors support real estate values and rents growing faster than inflation. Further, MFM believes that there are a sustainable and growing number of “renters by necessity” and “renters by choice” in these urban markets.

MFM generally has a long investment horizon. Accordingly, it is the long-term real return growth prospects that are most critical to MFM’s current investment strategy and decision-making, not short-term rates of return.

Material Risks

Investing in securities involves risk of loss that investors in the private funds, MREITs and separate accounts that we manage should be prepared to bear. The following is a summary of some of the material risks associated with the strategies expected to account for a significant portion of our investments. This summary does not attempt to describe all of the risks associated with the investment vehicles we manage or to provide a complete description of any of the individual risks referenced. Although no summary can fully describe all the risks associated with such investment vehicles, investors in our private funds and MREITs should consult with the applicable private placement memorandum or other offering document for a more complete description of the risks associated with an investment therein.

There is no guarantee that any investment strategy that we use will be effective, and each investor in a private fund, MREIT or separate account that we manage should evaluate its ability to maintain its investment in light of the investor’s own time horizon and risk profile.

Real Estate Risks

Overview

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

Illiquidity of Investments

Investments the Advisers make on behalf of clients generally have limited liquidity. The ability to dispose of these investments, including loans and hard real estate assets, may be limited and some investments (such as real estate joint ventures) are subject to specific transfer restrictions. Accordingly, a client may

be unable to vary its portfolio of investments in response to changes in economic or other conditions that affect the market value of investments in real estate and real estate debt (including changes in interest rates, operating conditions in particular markets, the condition of financial markets and the number of active participants in the markets for real estate securities and their general activity levels). A decrease in liquidity may in and of itself have an adverse effect on the market value of certain investments. Partly as a result of the foregoing, as well as general market inefficiencies respecting credit-impaired investments, carrying values determined by the relevant Adviser may not necessarily be indicative of actual results or amounts to be realized from investments. In addition, no assurances can be given that the fair market value of any investments held by a client will not decrease in the future or that the client will recognize full value for any investment that it sells.

Interest Rate Risk

Interest rate levels have a variety of impacts on investments made for our clients, some of which can be positive and others adverse. For example, an increase in interest rates will increase a client's cost of debt financing and reduce amounts available for other purposes including distributions to investors. In addition, increasing interest rates generally causes outstanding fixed-rate debt securities and interests in fixed rate loans to decline in value. In general, interest rate increases and rising inflation can be expected to materially adversely affect portfolios of real estate debt, decrease the likelihood of successful workouts of distressed debt and increase the likelihood of defaults and foreclosures.

"Spread Widening" Risk

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

Use of Leverage

Investments are often leveraged, including by way of embedded leverage within the capital structure of a particular property or the entities that own it. Although the use of leverage may enhance returns and increase the number of investments that can be made, borrowings (or investments in securities or other assets with leveraged capital structures) may also substantially increase the risk of loss and exposure of investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of an investment. Borrowings may require the increased use of cash flow for debt service rather than distributions or other purposes. There can be no assurance that a client will have sufficient cash flow to meet its debt service obligations and, as a result, a client's exposure to losses may be increased due to the illiquidity of its investments generally. Similarly, investments may be made in entities that are unable to generate sufficient cash flow to meet principal and interest payments on their indebtedness to a client (or indirect obligations to a client arising from such indebtedness). Accordingly, the value of such an investment could be significantly impaired or even reduced to zero due to credit deterioration.

Development and Construction Risks

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

Credit Risk of Tenants

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

Potential Environmental Liability

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

Distressed Investments

The Advisers may invest client capital in nonperforming, underperforming or undercapitalized real estate companies or other troubled assets which involve a heightened degree of financial risk and are experiencing or are expected to experience severe financial difficulties that may never be overcome and, as a result, may lead to a loss of some or all of the equity invested. Such investments may have

been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence; and, as a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected. In addition, certain investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code, which entails additional risks of loss.

Competition for Investments

Our clients can expect to encounter competition for investments from numerous other real estate asset managers and owners and from individuals, corporations, bank and insurance companies, foreign entities including sovereign wealth funds and others engaged in real estate investment activities. These competitors may have financial, geographic, or strategic advantages and such competition may have the effect of increasing costs, thereby reducing investment returns to the relevant client or decreasing the number of opportunities that satisfy the client's investment criteria and its ability to deploy capital. There can be no assurance that we will be able to locate and complete investments which satisfy a client's investment objectives, realize the expected value of these investments, or fully invest a client's available capital.

Investments through Joint Ventures

Clients may invest as a co-venturer with an unaffiliated third party and such investments may involve unique risks as compared to independent investments. These risks include the possibility that a client will not be able to fully implement the strategic decisions that are optimal for its interests because of limitations on the client's control of the investment under applicable agreements with a co-venturer. In addition, a co-venturer may at any time fail to fund its share of required capital contributions or default on other obligations, as a result of encountering financial difficulties or otherwise, in which event our client may be required to make additional capital contributions to replace the shortfall and may face delays in the event of the insolvency of a co-venturer. Co-venturers may have economic or business interests or goals which are inconsistent with those of the relevant clients, and may be in a position to take action contrary to the clients' objectives such as forcing an untimely sale of an investment. In some cases, a client may be liable for the actions of a third-party co-venturer. If we are unable to agree on a course of action with a co-venturer, the deadlock could delay the execution of the business plan for the investment or require the client to invoke a "buy-sell" provision so that one party is obligated to buy the investment and the other is obligated to sell. As a result of these and similar risks, a client may be unable to timely exit or fully realize its expected return on any such investment with a third party.

Hedging Policies and Risks

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

Limited Diversification

Each client's portfolio of investments may be concentrated in a relatively small number of investments, asset types and/or geographic markets, as compared to other investment funds and strategies that may be more diversified by their nature. Therefore, the aggregate returns realized by a client may be substantially adversely affected by the unfavorable performance of a small number of portfolio investments.

Risks Related to Lending

General Risks of Real Estate Collateral

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

Regulatory Changes Impacting Lenders

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

Investments in Commercial Mortgages and Mezzanine Loans

Clients may originate or acquire commercial mortgage and mezzanine loans secured by commercial property and related assets. Such loans are subject to the risks of default, bankruptcy, fraud and loss, among others. Some clients originate and invest in loans relating to commercial properties in transition as to which the borrower is seeking short-term capital for an acquisition, renovation, redevelopment or development. The typical borrower under a loan secured by a transitional asset has usually identified an undervalued asset that has been under-managed and/or is located in a market positioned for growth. If the market in which the asset is located fails to perform according to the borrower's projections, or if the borrower fails to improve the quality and/or management of the asset, or if such improvements cost the borrower more than estimated or take longer to execute than expected, the borrower may not be able to satisfy the applicable loan terms, and the relevant clients may not recover some or all of their loan balance or other invested equity. In addition, borrowers usually use the proceeds of a conventional mortgage to repay a loan secured by a transitional property after such property is stabilized. Loans on transitional assets are therefore subject to risks of a borrower's inability to obtain permanent financing to repay a client's transitional loan. Clients bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the collateral (whether in the form of a mortgage or a pledge of equity) and the total principal amount, unpaid interest and other amounts

owed under a loan. In addition, the exercise of foreclosure and other remedies may involve unforeseen expenses and lengthy delays during which time property values may decline.

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

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

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

Mortgage REITs

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

Lender Liability Risks

Clients that invest in debt instruments may be exposed to lender liability risks including equitable subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed, "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty

owed to the borrower or its other creditors or shareholders. In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Some clients could be subject to such claims.

Risks Related to the Discontinuance of LIBOR

In July 2017, the head of the UK Financial Conduct Authority announced plans to phase out the use of LIBOR by the end of 2021. We cannot predict the effect of the FCA's decision not to sustain LIBOR, or, if changes are ultimately made to LIBOR, the effect of those changes. Any such changes, reforms or replacements relating to LIBOR could increase our clients' interest expense and could have an adverse impact on the market for or value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to our clients or on our clients' overall financial condition or results of operations.

As a result, a significant decline in LIBOR or the future phasing out and eventual discontinuation of LIBOR could negatively impact the expected return on our clients' investments and/or the availability of instruments designed to hedge exposure to LIBOR, and such impacts may be material. While our clients may pay lower prices for financings with LIBOR interest rates, there can be no guarantee that such prices will offset losses in current income on loans with LIBOR interest rates.

Although the impact is uncertain at this time, if LIBOR is discontinued as a benchmark rate, it may cause one or more of the following to occur, among other impacts: (i) there may be an increase in the volatility of LIBOR prior to the consummation of any such change; (ii) fewer investments may be made using interest payment benchmarks based on LIBOR and more investments may be made using interest payment benchmarks other than LIBOR or bearing interest at a fixed rate, resulting in differential investment returns; (iii) there may be an increase in pricing volatility with respect to our clients' investments and/or a reduction in the value of our investments; (iv) there may be a reduction in our ability to effectively hedge interest rate risks; and (v) our clients may incur losses from hedging disruptions due to transition basis risk, the cessation of LIBOR or an inability of us and our counterparties to effectively value our existing trades due to a lack of dealers providing LIBOR-based quotations in the derivatives markets. There is no certainty as to what rate or rates may become market-accepted alternatives to LIBOR or how those alternatives may impact our clients or our clients' investment returns. There may not be any alternative benchmark that reflects the composition and characteristics of LIBOR, and there may be dramatic shifts in debt investments and the debt markets generally. Any of the foregoing could materially and adversely affect our clients.

Our clients' loan agreements relating to investments and financing arrangements generally provide for replacement reference rates in the event that LIBOR is no longer available or otherwise viable. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. However, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has recommended replacing U.S.-dollar LIBOR with the Secured Overnight Financing Rate, or SOFR, a new index calculated by reference to short-term repurchase agreements, backed by Treasury securities. Although there have

been a number of issuances utilizing SOFR or the Sterling Over Night Index Average, an alternative reference rate based on transactions in the British sterling market, it is unknown whether these alternative reference rates will attain market acceptance as replacements for LIBOR. As such, the impact on our clients' cost of capital and net interest income from the potential phasing out and eventual discontinuation of LIBOR cannot yet be determined, and any changes to benchmark interest rates could increase our clients' financing costs, which could materially and adversely affect our clients. In addition, the elimination of LIBOR and/or changes to another index could result in mismatches with the interest rate of investments that our clients are financing.

Risks Related to Structured Products/Securitizations

Structured Products

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

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

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

Securitizations

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

Other Risks

Brexit

The European Union (Withdrawal Agreement) Act 2020 has passed the Parliament of the United Kingdom, and consequently the United Kingdom left the European Union on January 31, 2020 (commonly referred to as “Brexit”). Under the negotiated “Withdrawal Agreement,” the UK–EU relationship entered into a transition period from February 1 to December 31, 2020. The nature of the future trading relationship between the United Kingdom and the European Union is still being negotiated. There is no legal, political, regulatory and/or economic certainty as to the ongoing relationship that will exist between the United Kingdom and the European Union post-transition period and it remains impossible to predict or definitively state the economic, tax, fiscal, legal, regulatory and other impacts on the asset management industry, the broader European and global financial markets generally and a client. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including assets held or considered for prospective investment by a client.

Disease and Epidemics

The impact of disease and epidemics may have a negative impact on our business, our clients and their performance and financial position. The COVID-19 outbreak, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses, and could also result in a general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, our operations and those of our clients and their underlying investments could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Such a quarantine has recently been imposed in numerous US jurisdictions. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on our business, our clients and our clients’ investments. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. In December 2019, a novel strain of coronavirus surfaced in Wuhan, China and subsequently spread around the world, resulting in material business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The speed and extent of the spread of the coronavirus, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain, and such adverse effects are widely expected to be material. While governmental agencies and private sector participants will seek to mitigate the adverse effects of the COVID-19 coronavirus, which may include such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel, and other restrictions, and the medical community is seeking to develop vaccines and other treatment options, the efficacy of such measures is uncertain. Our operations and business results, including with respect to any particular client, could be materially adversely affected. The extent to which the coronavirus (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which

may emerge concerning the severity of the coronavirus outbreak and the actions required to contain the virus or treat its impact, among others.

Cybersecurity and Identity Theft

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. As part of its business, the Advisers process, store and transmit large amounts of electronic information, including information relating to the transactions of clients and personally identifiable information of the investors therein. Similarly, service providers of the Advisers or the clients, especially fund administrators, may process, store and transmit such information. The Advisers' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for longer periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, a client may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Advisers', and/or a client's, operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of a client. Cyber threats and/or incidents could cause financial costs from the theft of client assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which, could be materially adverse to a client. Such a failure could harm the Advisers', and/or a client's, reputation, subject any such entity and its respective affiliates to legal claims and otherwise affect its business and financial performance. The service providers of the Advisers and the clients are subject to the same electronic information security threats as the Advisers. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of a client and personally identifiable information of its investors may be lost or improperly accessed, used or disclosed.

The above summary does not represent a complete description of the risks associated with any particular investment strategy. Prospective investors are urged to review the more detailed information in the relevant offering materials and governing documents for each of the client accounts that we manage.

9. Disciplinary Information

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

10. Other Financial Industry Activities and Affiliations

The following information addresses any active or pending financial industry affiliations that our clients need to know about for the purpose of identifying any related conflicts of interest that a client might consider material in regard to engaging us as an investment adviser.

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

MREG Investments L.P. is a related person of MFM that serves as the general partner of MREP. MREG QOZ Manager LLC is a related person of MFM that serves as the managing member of the QOZ Fund. MRECS Investments, LLC is a related person of MRECS that serves as the general partner of the MREF Funds. Persons acting on behalf of these related persons are subject to the supervision and control of MRECS (directly or indirectly) in connection with any investment advisory activities. In accordance with SEC guidance, these general partners are registered as investment advisers in reliance on the Form ADV filed by MRECS. All of these affiliated entities are under common control and subject to our code of ethics and Advisers Act compliance program pursuant to the requirements of the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

Potential Conflicts of Interest

The following is a summary of some of the most significant conflicts of interest or potential conflicts of interest associated with the Advisers and investments in the private funds and MREITs that they manage. This summary does not attempt to describe all of such conflicts and potential conflicts or to provide a complete description of any of the individual conflicts referenced. Although no summary can fully describe all of the conflicts of interest associated with such an investment, each private placement memorandum or other offering document contains a more complete description of the conflicts of interest associated with an investment in the applicable private fund or MREIT.

Actual, potential, or apparent conflicts of interest may arise as a result of the relationships between the Advisers and our other affiliates and sponsored investment funds and accounts, including the personal accounts of our principals, officers and employees. The Advisers are part of a real estate investment management enterprise with multiple business, financial, and other interests that could conflict with those of a client and its underlying investors.

Each Adviser may provide investment advisory services to more than one client and such clients may have overlapping or conflicting investment objectives. Related persons of the Advisers may co-invest alongside clients under certain circumstances, and may invest separately for their own account in a wide range of real estate interests and assets. In addition, the Advisers may grant co-investment rights to investors in certain clients or other third parties, including preferential rights with respect to investments made by that client. Our principals, employees and advisors may invest in other private investment vehicles managed by other advisers.

Except to the extent otherwise agreed with an investor, the Advisers’ allocation of co-investment opportunities is entirely and solely in the discretion of the Advisers, and it is expected that many

investors who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or will, in certain circumstances, receive a smaller amount of co-investment opportunities than the amount requested. Furthermore, co-investments offered by the Advisers will be on such terms and conditions (including with respect to management fees, performance-based compensation and related arrangement and/or other fees applicable to co-investors) as the Advisers determine to be appropriate in their sole discretion on a case-by-case basis, which can be expected to differ among co-investors with respect to the same co-investment. A client and co-investors will often have different investment objectives and limitations, such as return objectives and maximum hold period. As a result of the foregoing, the Advisers may have conflicting incentives in making decisions with respect to such opportunities.

If the strategies employed for current or future clients conflict with one another, it could affect the availability, price and performance of the assets in which such clients invest. In addition, participation in a specific investment opportunity could be appropriate for more than one client. If that circumstance arises, we will allocate the opportunity in accordance with our allocation policy, which may not result in a *pari passu* allocation to all clients. Accordingly, even clients sharing similar strategies may not hold the same securities or instruments or achieve the same performance. Our allocation policy may change from time to time without notice. However, we will always endeavor to treat clients in a fair and equitable manner and at all times we are bound by the applicable governing documents of our clients and our fiduciary duty as investment advisers.

An Adviser, its affiliates or any of their associated persons may give advice or take action for one client (or other account) that differs from, conflicts with, or is adverse to, advice given or action taken on behalf of another client (or other account). We have adopted policies designed to mitigate some of these potential conflicts and ensure that appropriate disclosures, recusals and/or other requirements are made or adopted to address them as circumstances may warrant. In some cases, the governing agreements of a client set forth specific restrictions with respect to the other business activities and investments in which an Adviser, its affiliates and/or their respective associated persons may engage.

There may also be circumstances in which some clients, principals or employees hold interests in an investment that are structured differently, have different seniority, and/or have different terms than the investment made by a client in the same investment or one closely related thereto. Therefore, the interests of the client and an Adviser (or our affiliates, and any principals or employees of an Adviser or its affiliates) may not always be aligned, which may give rise to actual or potential conflicts of interest, and actions taken for the client may be adverse to the Adviser (or such affiliates, principals and/or employees), or vice versa. Potential conflicts also may arise due to the fact that we and/or our affiliates (and any principals or employees of an Adviser or its affiliates) may hold investments in some pooled investment vehicles that we manage but not in others, or may have different levels of investments in such vehicles.

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

In addition to potential conflicts regarding specific investments, our principals and employees may have conflicts in allocating their business time and services among clients. Such persons may work on other projects, including other client accounts and other existing and potential business activities. The fact

that fee levels may vary among clients and their underlying investors can create an incentive to focus additional time or effort on clients that pay relatively higher fee rates.

Diverse Interests of Underlying Investors

The underlying investors in the pooled investment vehicles that we manage may have investment, tax and other interests with respect to their investments that conflict with the interests of other investors and/or of the Advisers and their affiliates, principals and/or employees. These conflicting interests may relate to or arise from, among other things, the nature of investments made by the client, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by an Adviser, including with respect to the nature or structuring of investments, which may be more beneficial for one investor than for another, especially with respect to the tax situation of an investor or other person. In addition, a client may make investments that have a positive or negative impact on related investments made by investors in separate transactions inside or outside the scope of their relationship with the Adviser. In selecting and structuring investments appropriate for a client, each Adviser will consider the investment objectives of the client and its investors as a whole, not the investment, tax or other objectives of any investor individually and not the tax or other objectives of the Advisers or their affiliates, principals and/or employees.

Incentive Fees and Performance Allocations

An Adviser's potential receipt of performance compensation (in the form of incentive fees, carried interest, performance allocations or otherwise) may create an incentive to make riskier or more speculative investments on behalf of a client than the Adviser might otherwise make in the absence of such performance-based compensation. In addition, for some clients, in some circumstances, the determination of management and incentive fees would rely upon valuations determined by the Adviser or an affiliate thereby creating a potential conflict of interest when valuing investments that are not readily marketable or are difficult to value. The Advisers may engage third parties, as deemed necessary or appropriate, to calculate the value of such investments, but there can be no assurance such calculations will reflect value accurately.

Related Party Services and Payments

As described in Item 5 above, we and our affiliates may either receive fees or be reimbursed for expenses from clients (directly and/or through portfolio entities in which clients invest) in consideration for services provided, including construction management, property management, asset management, legal, tax, accounting, marketing/leasing, financing, and development and pre-development services that would otherwise be provided by an unaffiliated third party. Because these are fees or expenses that would otherwise be payable to a third-party service provider, and not reduce investment management fees, the organizational documents of the private funds and MREITs typically allow them to be reimbursed to the Advisers and their affiliates so long as any specified conditions are met. Any such services and the manner for determining fees and expenses are disclosed in each client's offering documents, as applicable, and are described in Item 5. In the case of the MREITs, any such related party services must be approved by the relevant board of directors (including third party investor representatives) and in the case of MREP such fees are disclosed to all limited partners annually. For the QOZ Fund, any such related party service providers would be entitled to receive fees for their services, and such fees would be based on a pre-approved schedule included in the QOZ Fund's governing

documents or, if not specified therein, be charged on no less favorable terms than those believed to be available from an unaffiliated third party. The Special Member, which is not affiliated with the Advisers, may also approve particular services performed by an Adviser affiliate and the charges therefor.

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

Allocation of Investment Opportunities

As described above, participation in specific investment opportunities may be appropriate, at times, for more than one client. It is our policy to allocate investment opportunities among clients on a basis that we determine in good faith to be appropriate, taking into consideration factors including, but not limited to, the following:

- the fiduciary duties that we owe to each client;
- each client's investment mandate and governing agreements;
- the relative amounts of capital available for investment (taking into account applicable commitments and reserves) and any restrictions on investment;
- the sourcing of the transaction;
- the size of the transaction;
- the amount of potential follow-on investing that may be required for such investment and other portfolio investments;
- the nature of the investment focus of each client;
- portfolio balance and diversification;
- the involvement of respective teams of investment professionals; and
- any other factors deemed applicable in good faith.

Our investment allocation policy may vary between business lines and may be amended at any time without the consent of or notice to any client (but subject to any governing agreements in place with such clients and at all times consistent with the disclosures provided to investors therein).

Conflicts Relating to a Subscription Credit Facility

Certain of our clients use subscription-based credit facilities which (along with other forms of leverage) can generate a higher reported IRR for the underlying investors than if a facility had not been utilized and instead the investors' capital had been contributed at the inception of an investment. As a result, use of a subscription credit facility will impact calculations of returns and will result in a higher or lower reported IRR than if the amounts borrowed had instead been funded through capital contributions made by the investors to a client. Subject to the limitations in each of the clients' governing documents, the use of a subscription-based credit facility by the clients is within the Advisers sole discretion, and the permitted duration for such borrowings and other terms varies by client as a function of a client's governing documents and other facts and circumstances.

Service Providers

We and our clients may engage common service providers. In such circumstances, there may be a conflict of interest between us and the clients in determining whether to engage such service providers, including the possibility that and Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the clients.

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

We and our clients will generally engage common legal counsel and other advisers in a particular transaction, including transactions in which there may be conflicts of interest. In the event of a significant dispute or divergence of interest between a client and an Adviser and/or its affiliates, the parties may engage separate counsel in our sole discretion. Moreover, in litigation and certain other circumstances, separate representation may be required.

How We Address Conflicts of Interest

As a matter of general policy, all employees are required to identify and report any actual or potential conflicts of interest in connection with the services we perform for clients. Conflicts of interest generally are discussed and resolved on a case-by-case basis by senior management of the Advisers, taking into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. We address conflicts by disclosing actual or potential conflicts (and the material facts relating to such conflicts) to our clients and underlying investors, and/or seeking investor consents, as and to the extent necessary or appropriate. While the Advisers seek to manage any conflicts in an appropriate manner, the resolution of any particular conflict may have consequences that are (or are considered to be) adverse to the interests of a client.

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

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

As SEC-registered advisers, we have adopted a Code of Ethics ("**Code**"). The Code is a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations;
- Protection of material non-public information;
- The addressing of conflicts of interest;
- Employee disclosure and reporting of personal securities holdings and transactions;

- Our policy on IPOs and private placements;
- The reporting of violations of the Code;
- Educating employees about the Code; and
- Enforcement of the Code.

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

We or our related persons generally have a pecuniary interest in the private funds and MREITs that we manage, either directly, through a side-by-side investment vehicle or by virtue of participation in performance-based compensation. Consequently, we generally participate alongside our clients in transactions effected on behalf of clients. We do not believe that any such scenarios cause a conflict of interest between us and any client, but rather function to better align the interests of our clients and underlying investors with our own interests, since our own capital (or the capital of our principals) is being invested alongside the capital of our clients. Neither we nor any of our affiliates engages in principal transactions with clients in the ordinary course. To the extent that a client transaction would constitute a “principal transaction” due to our ownership interest or that of our related persons, we would effect such transaction in compliance with Section 206(3) of the Advisers Act and the governing documents of the relevant clients.

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

12. Brokerage Practices

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

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

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

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

13. Review of Accounts

Our clients generally hold real estate debt and equity investments. These positions are monitored by our asset management team, investment team and senior management on an ongoing basis. We have investment committees including representatives of senior management that oversee each client’s investments and meet as necessary to review general portfolio composition, investment opportunities, market conditions, recent activities and potential conflicts. We also may periodically review on an expedited basis the assets of a client following a unique occurrence in the financial industry or real estate market generally. In addition, certain of our clients have boards of directors, including representatives of our senior management as well as third party members, which monitor investments and other activities.

Investors in our private funds and MREITs generally receive quarterly reports which include unaudited financial statements. The specifics of each report may vary as agreed with each individual client or the underlying investors. In addition, investors in any private fund or MREIT that we manage receive a copy of an annual audit report within 120 days of the fiscal year-end of the client.

Certain investors in our private funds may request and receive additional or more frequent information relating to the investments held by, or other matters relating to, the funds in which they invest. Further information regarding the reporting provided to investors in each private fund that we manage is available in the relevant fund’s offering and governing documents.

14. Client Referrals and Other Compensation

Neither we nor any related person directly or indirectly currently compensates any person who is not a supervised person for client referrals, although from time to time we have entered into one or more agreements pursuant to which a placement agent or other third party may receive fees (in some cases over multiple calendar quarters or years) in consideration of introducing and facilitating an investment by one or more underlying investors to one or more of our private funds or MREITs. Such fees may be borne by the relevant client(s) and/or by us or a related person, in some cases via an offset against Management Fees paid or payable by such clients. To the extent that a client may bear placement fees, such practice is disclosed in the relevant offering and/or governing documents.

15. Custody

All securities of our clients are held in custody by unaffiliated qualified custodians such as broker/dealers or banks (other than certain non-transferable securities that are not required to be held in custody by a bank or custodian). However, we are deemed to have custody of certain assets of the private funds that we manage because we have the authority to obtain client assets, for example, by deducting investment advisory fees from a client's account or otherwise withdrawing funds from a client's account. With respect to each private fund that we manage, we satisfy our obligations under Rule 206(4)-2 of the Advisers Act by causing an annual audit to be performed in accordance with U.S. generally accepted accounting principles by an independent public accountant that is registered with the Public Company Accounting Oversight Board. Each private fund and MREIT distributes audited financial statements to its investors within 60-120 days of the end of its fiscal year.

16. Investment Discretion

Generally, we have the discretion to determine, without obtaining the consent of a client or its underlying investors, the particular investments to be bought and sold by such client and the manner in which existing investments are managed, subject to certain agreed upon investment objectives, guidelines and limitations regarding concentration and diversification, geography and type of permitted investments. A client's governing documents and/or an investment management agreement typically provides us with the express authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, financing, commitment to, monitoring of and disposition of investments, subject to any specified conditions or limitations. For certain of our clients, our investment decisions are subject to certain approvals by the client's board of directors, as set forth in the relevant offering materials and governing agreements. In addition, from time to time we may enter into investment management agreements that provide for greater discretion on the part of the underlying investor(s).

17. Voting Client Securities

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

We recognize that conflicts of interest may arise when exercising voting or consent authority. A conflict of interest may exist when a client's best interests are contrary to our best interests due to some

relationship between us and/or one of our associated persons and the party that is soliciting the consent.

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

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

18. Financial Information

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

19. Requirements for State-Registered Advisers

As a federally-registered investment adviser, Item 19 is not applicable to us.