

ITEM 1 – COVER PAGE

FORM ADV PART 2A

OREI ADVISORS LP

**OREI ADVISORS LP
1991 Broadway, Suite 100
Redwood City, CA 94063
(650) 681-0185
<http://ohanare.com>**

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of OREI Advisors LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (650) 681-0185. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

The Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

This Item addresses only those material changes that have been incorporated since the Adviser last updated the Brochure on March 29, 2019. Changes were made to Items 4, 5 and 8 to reflect the additional private funds and investment accounts that the Adviser manages.

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ITEM 4 – ADVISORY BUSINESS

OREI Advisors LP, a Delaware limited partnership and a registered investment adviser (the “**Adviser**”), and its affiliated investment adviser provide investment advisory services to investment funds, which are privately offered to qualified investors in the United States and elsewhere. The Adviser and its advisory affiliates commenced operations in April 2016.

The Adviser’s clients include the following (each, a “**Fund**” and together with any future private investment fund to which the Adviser or its affiliates provide investment advisory services, the “**Funds**”):

- OREI Fund I LP
- OREI Fund I-A LP (together with OREI Fund I LP, “**Fund I**”)
- OREI Long Term Equity Fund LP
- OREI Long Term Equity Fund A LP (together with OREI Long Term Equity Fund LP, “**LTE Fund**”)
- OREI Credit II LP
- OREI Credit II A LP (together with OREI Credit II LP, (“**Credit II Fund**”) and Credit II Fund together with Fund I, the “**Credit Funds**”)
- OREI Dana Point Co-Investment LP (“**LTE Co-Invest**”)

The following general partner entities are affiliated with the Adviser:

- OREI Fund I GP LP
- OREI Long Term Equity Fund GP LP (“**LTE General Partner**”)
- OREI Credit II GP LP (“**Credit II General Partner**,” together with OREI Fund I GP LP, LTE General Partner, the “**General Partners**,” and the General Partners together with the Adviser, the “**Advisers**”)

In addition to the Funds, the Adviser also manages assets of other client investment accounts on a separately managed basis (“**SMA**”). One of these SMAs is a Delaware limited liability company (“**LLC**”), that the Adviser manages under a non-discretionary authority. George Christopher Smith, the Adviser’s owner (the “**Principal**”), serves as a Vice President to the LLC. Additionally, the Principal and an officer of the Adviser also serve as directors of another SMA, structured as a Delaware limited liability company (the “**Company**”) that co-invests in an asset alongside the LTE Fund and is managed by the LTE General Partner on a discretionary basis. The Company is structured through a 1031 accommodator, and invests in the asset through a tenancy in common (“**TIC**”) interest. References herein to the “**Funds**” generally should be read to include the SMAs as the context so requires.

The Advisers are subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. This Brochure also describes the business practices of the Advisers, which operate as a single advisory business and are under common control. The Advisers also operate together with their affiliated and associated entities as "OREI," "Ohana Real Estate Investors" and/or "Ohana."

The Funds are private real estate funds and invest through negotiated transactions primarily in real estate and real estate-related debt and equity securities and other investments, generally referred to herein collectively as "**portfolio investments**." The Advisers' investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments, as applicable. Where such investments consist of real estate equity investments, the Principal or other senior personnel of the Advisers or their affiliates may serve on such portfolio investments' respective boards of directors or otherwise act to influence control over management of portfolio investments held by the Funds.

The Advisers' advisory services to the Funds are detailed in the applicable private placement memoranda, disclosure document or other offering documents (each, a "**Memorandum**") and/or limited partnership or other operating agreements, service agreements or governing documents (each, a "**Fund Agreement**" and, as applicable, together with any relevant Memorandum, the "**Governing Documents**") and are summarized below under "Methods of Analysis, Investment Strategies and Risk of Loss," as applicable. Investors in the Funds participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between the Adviser and any investor. The Funds or the Advisers have entered into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, from time to time and as permitted by the Governing Documents, the Advisers expect to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants (including the Real Estate Services Group, as defined below) and other service providers, Adviser personnel and/or certain other persons associated with the Adviser and/or its affiliates (*e.g.*, a vehicle formed by the Adviser's principals to co-invest alongside a particular Fund's transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio investment (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to minimize any changes in valuation of the investment. Where appropriate, and in the Adviser's sole discretion, the Adviser is

authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. In 2019, the LTE General Partner formed a co-invest vehicle and an SMA that invested alongside the LTE Fund in its initial investment.

As of December 31, 2019, the Adviser managed \$572,351,717 in client assets on a discretionary basis and \$14,000,000 in client assets on a non-discretionary basis. OREI Fund I UGP LLC, a Delaware limited liability company, acts as the general partner of the Adviser. The Adviser is controlled by the Principal, and is principally owned by Ohana Real Estate Investors, LLC and GCS & SBS Investments LLC, each of which are controlled by the Principal.

ITEM 5 – FEES AND COMPENSATION

In general, the Adviser and/or its affiliates receive a management fee (the “**Management Fee**”) and a carried interest in connection with advisory services. The Advisers are eligible to receive additional compensation in connection with management and other services performed for portfolio investments of the Funds and such additional compensation will offset in whole or in part the Management Fees otherwise payable to the Advisers in accordance with the relevant Governing Documents. In addition, in certain circumstances, such as those discussed herein with respect to the Company, the Adviser receives compensation for management and other services performed in connection with co-investments made in Fund investments. Investors in the Funds also bear certain expenses.

Management Fees

Fund I

Each Fund I investor pays the Adviser and/or its affiliate a Management Fee equal to a fixed percentage *per annum* of (i) such investor’s aggregate capital contributions (which includes the portion of its unfunded commitment committed for existing investments, and to the extent capital contributions are never made with respect to such amounts, subsequent Management Fee payments will be reduced by, or the General Partners will refund to such investor, the portion of the Management Fee relating to such amounts), less (ii) the aggregate amount of such investor’s capital contributions (A) that have been repaid or recouped as a payment of principal with respect to investments and the proceeds thereof have been distributed to the investor, or (B) with respect to each investment that has been disposed of, and the proceeds thereof have been distributed to the investor, or (C) with respect to any investment that has been completely written-off.

Credit II Fund

Each Credit II Fund investor pays the Adviser and/or its affiliate a Management Fee equal to (i) a fixed percentage per annum of such investor's invested commitments and (ii) following a subsequent closing, a fixed percentage commitment fee per annum on undrawn commitments during the Credit II Fund's investment period based on such investor's commitment.

LTE Fund

Each LTE Fund investor pays the Adviser and/or its affiliate a Management Fee equal to the sum of (i) during the investment period only, a fixed percentage per annum of such investor's unfunded commitment, and (ii) at all times, a fixed percentage per annum of the most recent "gross asset value" (as defined in the Fund Agreement) of such investor's proportionate share of all assets attributable to the LTE Fund.

LTE Co-Invest

Each LTE Co-Invest investor pays the Adviser and/or its affiliate a Management Fee equal to a fixed percentage per annum of the most recent "gross asset value" (as defined in the Fund Agreement) of such investor's proportionate share of all assets attributable to the LTE Co-Invest.

With respect to Fund I, Credit II Fund and the LTE Fund, if the investor's commitment to the Fund meets the threshold specified in the Governing Documents (each such investor, a "**Significant Investor**"), then such Significant Investor is entitled to pay a lower fixed percentage *per annum* of the amount described in the applicable preceding paragraph(s), as described in the Governing Documents.

The Management Fee generally is reduced in the manner designated in the Fund's Governing Documents, including in exchange for a reduction in the General Partners' aggregate cash capital contribution and a corresponding interest in Fund profits. The Management Fee for each Fund is payable quarterly in advance. Installments of the Management Fee payable for any period other than a full three-month period generally are adjusted on a *pro rata* basis according to the actual number of days in such period.

To the extent specified in a Fund's Governing Documents, the Advisor or another Ohana entity will be permitted to receive certain supplemental fees and other amounts ("**Supplemental Fees**") generally consisting of: (i) directors' fees, financial consulting fees or advisory fees paid to the General Partners with respect to any Fund portfolio investment; (ii) transaction fees paid to the General Partners with respect to any Fund portfolio investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the General Partners, in each case net of certain expenses (including those described below) as set forth in the Governing Documents; but not including, in any event, any amount received by the General Partners, the Adviser, the Real Estate Services Group or other person from an investment (A) as reimbursement for expenses directly related to such investment (or prospective investment), (B) as payment for services provided to any investment in the ordinary course of such investment's business, (C) as compensation for services provided by the General Partners or other person as an employee of or in a similar capacity for, or by the Real Estate Services Group (as defined below) or a member thereof for services to, such investment or (D) as compensation for services provided by the Real Estate Services Group

or a member thereof with respect to such investment, including hotel asset management, residential brokerage, development, sales, marketing, accounting, financial, administrative and/or other similar services in respect of a portfolio investment. A Fund's Governing Documents generally will provide that Supplemental Fees received by Ohana and attributable to the Fund's investment in a portfolio investment (and investors not designated as "affiliated partners" by the General Partner) will be credited against Management Fees otherwise owed to the Adviser and/or its affiliates in a specified percentage (*e.g.*, 100%). The remaining amount of such Supplemental Fees will be retained by Ohana.

Various costs and expenses will reduce the foregoing fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partners in connection with any consummated or unconsummated transaction or in connection with generating any such fees. To the extent that such an offset credit would reduce the Management Fee for a given quarterly period below zero, the credit will be carried forward for future application against payable Management Fees and if a credit remains upon liquidation, a payment will be made crediting investors unless an investor has elected to waive such amount.

As a matter of practice, the Adviser is typically paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion on a fully-diluted basis of any such fee and not the portion of any fee that relates to such co-investors or potential co-investors, which have the potential to be significant. Supplemental fee offsets generally are performed on a net basis, after giving effect to taxes and other expenses in connection with the receipt of such fees or the provision of related services. In addition, in certain circumstances the Adviser could receive compensation for management and other services performed in connection with co-investments (which may be at a reduced rate), and such amounts will not offset the Management Fee unless otherwise set forth in the applicable Governing Documents. Additionally, as further described below and in the applicable Governing Documents of each Fund, it is the Advisers' practice to use or retain the Real Estate Services Group to provide services to (or with respect to) certain portfolio investments in which one or more Funds invest. The Real Estate Services Group members generally receive compensation and other amounts described herein from the relevant portfolio investments or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee. For the avoidance of doubt, the Adviser also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio investments.

Certain Governing Documents permit the Adviser to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. Fund investors would, in such circumstances, be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of the Adviser in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions.

Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

The Adviser charges the LLC client an annual fixed Management Fee, payable monthly after the client receives its monthly investment earnings. The Adviser receives a carried interest equal to a percentage of investment proceeds subject to a preferred return. The carried interest and Management Fee are more fully described in the management agreement between the Adviser and the LLC client. With respect to the Company client which invests in an asset managed by LTE General Partner as a TIC interest, the Adviser and/or its affiliate charges an annual Management Fee equal to a fixed percentage of the pro rata portion of the most recent gross asset value of the asset attributable to the Company's investment in such asset. The Management Fee is payable in advance on a quarterly basis, with the initial quarter prorated. The Management Fee is more fully described in the Company's limited liability company operating agreement. Management Fees paid by the SMAs are not offset or reduced by Supplemental Fees or similar fees received by the Adviser with respect to the SMAs' investments.

Carried Interest

The General Partners and/or their affiliates also generally receive a carried interest equal to a specified percentage of investment proceeds subject to a preferred return. The carried interest and Management Fee are more fully described in the applicable Governing Documents. It is expected that any future Funds will have similar fee structures.

In addition to the carried interest, the LTE General Partner is entitled to an annual cumulative priority distribution (the “**Incentive Distribution**”) after each annual audit of the LTE Fund and LTE Co-Invest equal to a specified percentage of the aggregate amount of earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) generated by all LTE Fund and LTE Co-Invest investments during the year to which such audit relates, as more fully described in the Funds' Governing Documents.

Other Information

The Adviser is permitted to exempt certain “affiliated partner” investors and other investors in the Funds from payment of all or a portion of the Management Fee and/or carried interest, including the Adviser and any other person designated by the Adviser, such as investors with a professional or personal relationship with the Adviser or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The General Partner reserves the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by the Advisers and/or their affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a professional of the Adviser (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Governing Documents, the Adviser has the right to permit investors, affiliated with an Adviser or otherwise, to invest

through the relevant General Partners or other vehicles that do not bear Management Fees or carried interest. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying investors. The General Partner retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds. Principals or other current or former employees of the Advisers generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Advisers and/or their affiliates.

In addition to the Management Fee and carried interest payable to the Adviser and/or its affiliate, each Fund bears certain expenses. As set forth in the Governing Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business, including: all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals or databases), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, or otherwise disposing of, as applicable, the Fund's portfolio investments or actual and potential investments (including follow-on investments, real estate investment trust ("**REIT**") subsidiaries and refinancings) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated, whether or not such activities are successful and whether or not such activities were undertaken prior to the initial closing date; (ii) indebtedness of, or guarantees made by, the Fund, the Adviser, the General Partner or any "affiliated partner" on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository (including a depository appointed pursuant to the European Union ("**EU**") Alternative Investment Fund Managers Directive (the "**AIFMD**") or any similar law, rule or regulation), Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) and the implementation thereof), trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with the Fund's third-party administrator and administration or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services (including costs and expenses associated with any third-party valuation firm appointed in respect of the Fund or any other appraiser or valuation expert),

consulting (including (A) consulting and retainer fees and other compensation paid to the Real Estate Services Group (as defined below) or any of its members, (B) consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies, and (C) other similar consultants), expert network, tax and other professional services; (vii) reverse breakup, termination and other similar fees, property management fees, construction fees, environmental, leasing and real estate commissions; (viii) directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, marketing and publicity, including any costs and expenses incurred with the promotion of the Fund's reputation and visibility for the benefit of the Fund; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K 1s, or any other administrative, compliance or regulatory filings or reports (including expenses associated with any REIT subsidiary, and Form PF and any filings, compliance or reports contemplated by the AIFMD or any similar law, rule or regulation), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the investors; (xiii) any activities with respect to protecting the confidential or non-public nature of any information or data; (xiv) to the extent provided in the Fund Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xv) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Fund Agreement and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Fund Agreement), except as otherwise set forth in the Fund Agreement; (xvi) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; (xvii) any annual investor meeting or other periodic, if any, meetings of the investors and any other conference or meeting with any investor(s); (xviii) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio investments or actual or potential investments (to the extent not borne or reimbursed by a portfolio investment of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities; (xix) the termination, liquidation, winding up or dissolution of the Fund; (xx) defaults by partners in the payment of any capital contributions; (xxi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner and related entities and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxii) complying with any law, regulation or policy related to the activities of the Fund (including regulatory expenses of the General Partner incurred in connection with the operation of the Fund, legal fees and expenses, and any costs and expenses related to

compliance with any environmental, social and governance investor considerations and policies of the General Partner or the Fund); (xxiii) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Fund Agreement; (xxiv) any third-party experts, including independent appraisers, engaged by the General Partner or its affiliates in connection with the Fund considering, making or holding an investment in the same entity as one or more funds or entities sponsored by the General Partner or its affiliates; (xxv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by an investor; (xxvi) any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of the Fund (except to the extent that the Fund is reimbursed therefor by a partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Fund Agreement); (xxvii) distributions to the partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxviii) unreimbursed expenses and unpaid fees of the Real Estate Services Group or its members, employees or other persons engaged by the Real Estate Services Group; (xxix) compliance or regulatory matters related to the Fund, except as set forth in the Fund Agreement; (xxx) any travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with investment and disposition opportunities consummated and unconsummated ("**Broken Deal Expenses**") (and including with respect to the portion of such transactions that have been offered to co-investors); (xxxi) all costs and expenses associated with operating a feeder fund which invests all or substantially all of its assets in the Fund, including all expenses associated with its management, operation, winding-up, liquidating and dissolution and with preparing and distributing such feeder fund's financial statements, tax returns and feeder fund investor reports, but not including any income based or similar taxes, fees or other governmental charges levied against such feeder fund; (xxxii) any organizational expenses; (xxxiii) any placement fees; and (xxxiv) any other fees, costs, expenses, liabilities or obligations approved by the advisory board. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio investments, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio investment. The Funds also bear expenses indirectly to the extent a portfolio investment (or intermediate entity) pays expenses, including expenses of the Adviser and/or its affiliates. Excluded from Fund expenses are ordinary administrative and overhead expenses incurred in connection with maintaining and operating the offices of the Adviser and the General Partners, including employees' salaries, rent, utilities and other similar expenses specified in the Governing Documents. As is typical for private real estate funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices." The SMAs are expected to bear expenses similar to those set forth above.

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds (including without limitation legal expenses for a transaction in which all such

Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expenses or obligations, without interest. While the Adviser believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, the Adviser, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the Adviser is expected to permit certain investors to co-invest in portfolio investments alongside one or more Funds, subject to Adviser's related policies and the relevant Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgement of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken Deal Expenses.

The Adviser and/or its affiliate generally have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio investment and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio investment's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliate on the other hand.

Real Estate Services Group

Additionally, as further described in the applicable Governing Documents of each Fund, the General Partners and/or portfolio investments are permitted to retain other companies and individuals, including operating professionals employed or retained by affiliates of the Adviser (including Ohana Realty Corp., a residential brokerage firm, and Ohana Real Estate Services LLC, a hospitality-focused real estate development and management firm, each controlled or managed by the Principal) or the Adviser (including the Adviser or its personnel to the extent that they are used to provide hotel asset management or operational management services, development, sales, marketing and residential brokerage services and/or administrative services (including accounting, financial or other similar services)) (the “**Real Estate Services Group**”), to provide services with respect to Fund investments and/or the Fund (including hotel asset management or operational management, development, sales, marketing and residential brokerage services and/or administrative services (including accounting, financial and other similar services)) (“**Services**”). The Real Estate Services Group is expected to utilize Adviser resources (e.g., hotel asset management, finance, accounting and administration), employees of such affiliates, joint ventures, entities held by other funds managed by such General Partners or their affiliates, consultants, “operating partners,” “strategic partners,” “executive partners” or “senior advisors.” The Real

Estate Services Group generally would be engaged to provide services that otherwise would be provided by third parties to, or in connection with, a Fund or its affiliates or one or more portfolio investments (or prospective portfolio investments) in relation to the identification, due diligence acquisition, holding, improvement and disposition of such investments, including the Services described above.

To the extent permitted by the applicable Governing Documents, fees and expenses associated with the Services (including certain Services provided by the Adviser to the Real Estate Services Group) generally will be paid and/or reimbursed by a Fund portfolio investment or prospective portfolio investment and/or a Fund. Fees and expenses generally are expected, at the discretion of the Adviser taking into account the particular Services, to include a profits or equity interest in a portfolio investment incentive equity and stock awards, profits or equity interests in one or more Funds or General Partners, remuneration from the Adviser and/or its Funds or affiliates, guaranteed minimums or other incentive-based compensation to the Real Estate Services Group, which is determined according to one or more methods including the value of the time (including an allocation for overhead and other fixed costs) of the Real Estate Services Group, a percentage of the value of the a portfolio investment, the invested capital exposed to such a portfolio investment, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such a portfolio investment. The Real Estate Services Group's fees, other compensation and expenses are not covered by a Fund's Management Fee and will not otherwise offset or reduce any Management Fee. The use of the Real Estate Services Group subjects the Adviser to conflicts of interest, as discussed under "Conflicts of Interest," below.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," the Adviser and/or its affiliates receive a carried interest allocation on certain realized profits in the Funds. The Adviser does not advise Funds not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain affiliated partners as described under "Fees and Compensation." Additionally, to the extent that the Adviser has Funds with varying carried interest terms and/or its personnel are assigned varying percentages of carried interest from the Funds, the Adviser and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

The existence of performance-based compensation has the potential to create an incentive for the Advisers to make more speculative investments on behalf of a Fund than they would otherwise make in the absence of such arrangement, although the Advisers generally consider performance-based compensation to better align their interests with those of their investors.

ITEM 7 – TYPES OF CLIENTS

The Advisers provide investment advice solely to their Fund and SMA clients, and references throughout this Brochure to "clients" and to the Advisers' related duties to and practices on behalf of their clients and/or investors should be construed accordingly. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of the Advisers and their affiliates and members of their families, or other service providers retained by the Advisers.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The Funds generally have a minimum investment amount ranging from \$10 – \$25 million for third-party investors, and Fund interests generally are offered and sold to qualified purchasers (or qualified knowledgeable personnel of the Advisers). The Adviser generally is permitted to waive such minimum investment amount.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The Adviser (together with the General Partners) is a private investment firm focused on investments primarily in real estate, real estate-related equity and debt securities, and other investments in mezzanine debt, preferred equity, and other fulcrum security investments in the real estate industry, with a focus on the luxury hospitality sector. The Adviser's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are primarily in real estate and debt securities of existing properties within the luxury hotel, lodging, and related real estate space. The Adviser generally seeks to invest in quality properties in high barrier markets where capital is scarce and the Adviser believes it can leverage its expertise in operations, investment underwriting and budget development to create value.

There can be no assurance that the Adviser will achieve the investment objectives of any Fund and a loss of investment is possible.

Investment and Operating Strategy

The Adviser identifies potential investments through an extensive network of relationships and a robust property information database. The Adviser's due diligence process follows a

consistent and disciplined investment evaluation process for potential investments, which pass through multiple screenings. After an investment has been made, the Adviser monitors performance of both direct investments and collateral properties and engages in active dialogue with borrowers, to the extent necessary, to identify and address potential issues.

The Adviser undertakes a comprehensive and rigorous analytical approach to evaluating new investments with the ability to leverage its teams and/or affiliates in asset management, development, residential brokerage, and finance and administration.¹

The Adviser seeks to capitalize on dislocation in the capital markets by pursuing a mix of equity, debt, mezzanine loans, preferred equity, and other fulcrum securities relating to luxury hospitality, lodging and other related real estate investments that provide risk-adjusted yields and price points. For equity investments, the Adviser targets high barrier hotels with meaningful value-add opportunities, attractive in-place yields, discounts to replacement cost and distressed hotels or loans on distressed hotels with potential path to ownership. The LTE Fund focuses on long-term equity investments primarily in hotels, resorts, lodging and other hospitality assets or businesses or other related real estate assets or businesses, and companies owning, operating or otherwise related to such assets or businesses, but also is permitted to make debt investments in select situations as further described in the Governing Documents. For credit investments, the Adviser targets investments primarily in assets that meet certain leverage criteria capable of providing a more senior position in the capital stack with an attractive equity cushion in front of the Adviser's investment. Drawing on a deep knowledge and experience in hotel operating, development and sales, the Adviser's team seeks to identify and structure attractive investment opportunities.

The Adviser seeks to leverage its extensive experience in hotel operations, investment underwriting and budget development to fully underwrite the performance capability of each property being considered for investment, whether it is expected to take an equity or debt position in the property. In addition, the Adviser seeks to leverage its capital markets and document-negotiation experience to assess the opportunity and challenges associated with the potential investment. The Adviser generally engages relationships across its industry network to assess and evaluate the risks associated with the investment, including, but not limited to the risk of pre-payment or default and to assess potential business plans in the event of a foreclosure. The Adviser seeks to evaluate investment opportunities in the luxury hotel real estate space through active involvement in asset managing existing properties, regular engagement in the capital markets, a long-tenured role on the board of directors of a luxury hotel management company and active development and construction management of multiple large-scale and complex projects.

Risks of Investment

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. The risks involved with the Advisers' investment strategy and an investment in a Fund include, but are not limited to the risks below. The SMAs are subject to similar risks, and as noted above, references to "Funds" below should be read to include the SMAs as the context so requires.

¹ Fees and expenses related to certain of such services may be paid to the Real Estate Services Group and are not covered by the Funds' Management Fees and do not otherwise reduce such Management Fees, as discussed herein.

Real Estate Risks. Because the Funds invest in debt and equity interests related to hotels, resorts, lodging and other hospitality assets or businesses or other related real estate assets or businesses, and companies owning, operating or otherwise related to such assets or businesses, in each case, located primarily in North America, the Funds will be subject to risks related to real estate generally. These include the risks incident to the ownership and operation of real estate and real estate-related businesses and assets, including changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of buyers and sellers of properties, changes in operating costs and expenses, changes in taxes, changes in energy pricing, risks due to dependence on cash flows, uninsured losses or delays from casualties or condemnation, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, interest rate levels, environmental liabilities, contingent liabilities, risks and operations problems arising from construction problems or similar liabilities, successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property), acts of God, acts of war (declared or undeclared), terrorist acts, work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors and other factors beyond the control of the Adviser, the Funds and their respective affiliates.

Economic Conditions. The real estate industry generally and the success of the Funds' investment activities in particular will both be affected by general economic and market conditions in the United States and other countries, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which a Fund may invest. These factors may affect the level and volatility of prices and liquidity of the Fund's investments, which could impair the Fund's profitability and result in losses. Further, any material changes in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of a Fund's investments. The Funds' performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011. The impact of market and other economic events may also affect the Funds' ability to raise funding to support its investment objective and the level of profitability achieved on realizations of investments. In addition, general fluctuations in the market prices of investments and interest rates may affect the Funds' investment opportunities and the value of the Funds' investments.

Lack of Sufficient Investment Opportunities; Restrictions Imposed by Contractual Requirements. The business of identifying, structuring and completing private real estate transactions relating to hotels, resorts, lodging and other hospitality assets or businesses, and real estate investments, is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. Further, the investments sought by a Fund may require investors, including the Fund and the Adviser, to meet certain financial requirements, such as having a minimum amount of assets under management, and there can be no assurances that the Fund will qualify as an investor in each investment that the Adviser believes is suitable for the Fund. If a Fund does not qualify for

such investment, the Fund may be required to forego such investment opportunity. Whether or not sufficient investment opportunities are identified, Fund investors will be required to bear Management Fees and other expenses as set forth in the applicable Governing Documents.

The business of the Funds is highly competitive. Competition may cause a Fund to accept economic or structural features in its investments that such Fund would not have otherwise accepted and it may cause the Fund to search for investments in markets outside of the Adviser's traditional investment expertise. A Fund will compete with traditional investors, as well as existing funds, or funds formed in the future, with similar investment objectives. A Fund will face competition from other companies, funds, real estate investment trusts and other entities engaged in the acquisition of real estate and other real estate-related businesses with similar investment objectives, which may make it more difficult for the Fund to consummate its target investments.

Need for Follow-On Investments. Following its initial investment in any investment, a Fund and/or other equity or debt investors in the properties in which the Fund invests may decide to invest additional funds in such investment or may have the opportunity to increase their respective investments in such investment by investing in additional real estate assets related thereto (whether for opportunistic reasons, to fund the needs of the investment, as an equity cure under applicable debt documents or for other reasons). There is no assurance that such Fund or such other persons will make such additional investments or that the Fund or such persons will have sufficient funds to make all or any of such investments (including an event of default under applicable debt documents in the event an equity cure cannot be made). Any decision by the Fund or such persons not to make follow-on investments or their inability to make such investments may have a substantial negative effect on a particular real estate asset in need of such an investment and the Fund's financial performance.

Hotel Risks. The Funds invest in hospitality properties and/or other types of hospitality-related investments. Such investments are subject to a number of business, financial, and operating risks inherent to the lodging and hospitality industry, including: significant competition from multiple hospitality providers in all parts of the world; changes in operating costs, including energy, food, compensation, benefits, and insurance; delays in or cancellations of planned or future development or refurbishment projects, which in many cases may not be within the Adviser's control or the Funds' control; changes in desirability of geographic regions of the hotels, resorts or other properties constituting the business of the Funds, geographic concentration of the Funds' operations and customers, and shortages of desirable locations for development; changes in the supply and demand for hotel services (including rooms, food and beverage, and other products and services) and vacation ownership services and products; the ability of third-party internet and other travel intermediaries to attract and retain customers; and decreases that may result in the frequency of business travel as a result of alternatives to in-person meetings, including virtual meetings hosted online or over private teleconferencing networks. Any of these factors could increase the Funds' costs, limit or reduce the demand for such Fund properties, reduce a target property's ability to repay principal and interest with respect to any debt investment by a Fund, or otherwise affect a Fund's ability to maintain existing properties or develop new properties. As a result, any of these factors could adversely affect a Fund's financial results and investment performance.

Hospitality properties are subject to certain operating risks. For example, if a property's occupancy or room rates drop to the point where its revenues are insufficient to cover its operating expenses, then additional funds, including reserves, will need to be expended to cover such property's operating expenses. Hospitality properties are continually subject to increases in real estate and other tax rates, wages and benefits, utility costs, insurance costs, repairs and maintenance and administrative expenses, all of which may adversely affect such property's cash flows. More so than other property types, hospitality properties, and in particular luxury hospital properties, generally must make renovations and other capital improvements in order to stay competitive, including replacements, from time to time, of furniture, fixtures and equipment, particularly if the hotel is a branded hotel. This obligation is subject to the risks that cash flow from operations and reserves may be inadequate to fund capital improvements, financing for these capital improvements may not be available to a Fund's properties on affordable terms and market demand for a hotel following the undertaking or completion of capital improvements will not exist or will continue to be diminished. Consequently, the costs of these capital improvements could negatively impact the financial condition of such Fund's investments and in turn the amount of cash available for distribution to the Fund's investors.

Certain hotels that Funds acquire will be managed by third-party hotel management companies pursuant to management agreements. Under the terms of these management agreements, the third-party hotel managers control the daily operations of the hotels and generally are compensated with a base fee tied to revenues generated from operations and in many cases, an incentive fee based on achieving specific performance thresholds. Accordingly, the hotel's business and operating results depend in large part upon the performance of these hotel management companies under their management agreements. While the Funds will seek to invest in hotel properties and put quality management in place, there is no guarantee that the third party management company for any given hotel property will meet the performance objectives desired by the Funds.

Hospitality Industry Volatility. The hospitality industry is volatile in nature. The periods during which a Fund's lodging properties experience higher revenues vary from property to property, depending principally upon location and the customer base served. In addition, the hospitality industry can be cyclical and demand generally follows, on a lagged basis, the general economy. The volatility and cyclical nature of the Fund's industry may contribute to fluctuations in a Funds' results of operations and financial condition.

Investments in Real Estate Debt. The Funds hold direct or indirect investments in real estate-related debt instruments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real-estate related debt investments are subject to a variety of risks, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments. Purchases of participations in real estate loans raise substantially the same risks as investments in real estate loans. Debt investments have special inherent risks relative to collateral value. In the event of default, the source of repayment is limited to the value of the collateral and may be subordinate to other lien holders (and the collateral value of the property may be less than the outstanding amount of a Fund's investment).

Non-Performing Loans; Foreclosure Process. Debt investments (including real estate loans) by a Fund may be at the time of their acquisition, or may become after origination, participation or acquisition, non-performing for a wide variety of reasons, many of which are outside the control of the Adviser, the Fund or their affiliates. Non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. To the extent that a Fund purchases partial interests in non-performing loans, the Fund may not have control over the workout process or the management of the real estate assets after such a workout.

The Adviser may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased or originated by a Fund. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states and non-United States countries, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

B-Notes Investments. The Funds may invest in one or more B-Notes. A “B-Note” is a commercial mortgage loan typically (i) secured by a first mortgage on a single large property or group of related properties and (ii) subordinated to an “A-Note” secured by the same first mortgage on the same collateral. As a result, if a borrower defaults, there may not be sufficient funds remaining for the holder of the B-Note. B-Notes do not have any secondary market, raising additional liquidity risks. However, since each B-Note is privately negotiated, B-Notes can vary in their structural characteristics and risks, including, for example, the rights of the holder of the B-Note to control the process following a borrower default. Furthermore, since they are typically secured by a single property, B-Notes reflect the risks associated with significant concentration.

Leverage. The Funds may employ leverage in the acquisition, operation and ownership of its investments and may refinance its investments, if desirable. Debt could take the form of a mortgage or other financing at the property level or ownership level. Such use of leverage generally magnifies the Fund’s opportunities for gain and its risk of loss from a particular investment. A Fund may make use of leverage by incurring or having an entity incur debt to finance a portion of its investment in such entity, including in respect of Fund portfolio investments not rated by credit agencies. Leverage generally magnifies both a Fund’s opportunities for gain and its risk of loss from a particular investment. In addition, recourse debt, which the Funds reserve the right to obtain, may subject other assets of the Fund and the investors’ commitments to risk of loss. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage on terms that the Adviser believes are reasonable. The use of leverage by a Fund will also result in interest expense and other costs that may not be offset by distributions made to a Fund or appreciation of its investments. While Fund-level borrowings generally will be

interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. Leveraged investments may be subject to restrictive financial and operating covenants and a Fund may provide guarantees in order to secure such leverage. In the event a portfolio investment cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the investment, which could adversely affect the returns of a Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio investment, a Fund may not achieve an exit capitalization rate consistent with its forecasts. Moreover, certain entities in which a Fund will invest generally will not be rated by a credit rating agency.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of an entity's debt, a letter of credit or other forms of promise to provide funding, in any case, subject to certain limitations in the Governing Documents). A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the Adviser or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by a Fund's investors and such investors' contributions may be required to be made directly to one or more lenders instead of the Fund. The amount of leverage which a Fund may utilize at any time may be large in relation to its capital. Finally, leverage may include so-called "balloon" payments at maturity if leverage is not fully amortized by maturity and such "balloon" payments may be difficult or even impossible to refinance on attractive terms, thus potentially magnifying losses in respect of leveraged investments.

Subscription Lines. A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects investors to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the investors, investors may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any investor claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership or other investment vehicle expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's investors and the terms of the Governing Documents, it may be higher than the interest rate an investor could obtain individually. To the extent a particular investor's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for investors to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise

to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement may contain other terms that restrict the activities of a Fund and the investors or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of an investor's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from investors to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more investors.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for investors that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses.

Mezzanine Investments. The properties in which the Funds invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company or property, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on the Funds' investments when due. The leveraged capital structure of Fund properties will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. A Fund's investments in such properties may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any property cannot generate adequate cash flow to meet debt service, such Fund may suffer a partial or total loss of capital invested in the property, which could adversely affect the returns of the Fund. Furthermore, the entities and investments in which the Funds will invest generally will not be rated by a credit rating agency.

The mezzanine and junior debt investments of the Funds typically will be subordinated to the senior obligations of an issuer, either contractually (in the case of debt securities) or because of the nature of the security (in the case of preferred stock or common stock). In addition, many

of the remedies available to subordinated holders are available only after satisfaction of claims of senior creditors. Any such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. Adverse changes in the financial condition of an issuer or in general economic conditions (or both) may impair the ability of this issuer to make payments on the subordinated securities and result in defaults on and declines in the value of these securities more quickly than in the case of the senior obligations of such issuer.

Mortgage Investments. The Funds may originate, participate in and/or acquire real estate loans that are non-recourse to the borrower. Mortgage investments have special inherent risks relative to collateral value. To the extent the Fund makes or acquires subordinated or “mezzanine” debt investments, a Fund does not anticipate having absolute control over the underlying collateral as the Fund will be dependent upon third party borrowers and agents and will have rights that are subordinate to those of senior lenders. In certain circumstances, a Fund’s loans may not be secured by a mortgage, but instead by such other collateral that may provide weaker rights than a mortgage. In an event of default, a Fund’s source of repayment will be limited to the value of the collateral and may be subordinate to other lienholders. The collateral value of the property may be less than the outstanding amount of a Fund’s investment.

Debt Investments. The debt securities in which the Funds invest typically will be either secured by a borrower’s ownership interests in a property or unsecured, and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. The ability of the Funds to influence the affairs of an investment, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the Fund of its rights as a creditor. Accordingly, the Funds may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities in which the Funds will invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and generally will not be rated by a credit rating agency. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any investment, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of any such Fund investments. Fund investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by a Fund earlier than expected. In addition, depending on fluctuations of the equity markets, warrants and other equity securities may become worthless. Accordingly, there can be no assurance that a Fund’s internal net rate of return objective will be realized.

Lower Credit Quality Investments. There generally are limited or no restrictions on the credit quality of the investments of the Funds. The Funds have the ability to invest in investments that may have substantial vulnerability to default in payment of interest and/or principal. Investments purchased by a Fund generally will not be rated by rating agencies, and, if rated, may

have the lowest quality ratings provided by such rating agencies. Lower rated and unrated investments have large uncertainties or major risk exposures to adverse conditions. Generally, such investments offer a higher return potential than higher rated investments but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these investments (such as subordinated investments) also tend to be more sensitive to changes in economic conditions than higher rated investments. Declining real estate values in particular will increase the risk of loss upon default, and may lead to a downgrading of the investments by the rating agencies, if rated. The value of such investments may also be affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

Redevelopment and Construction or Renovation Risks. A Fund's investments may include acquisition of debt or equity interests in underdeveloped real property (which in certain cases is expected to be non-income producing) and/or real estate redevelopments. To the extent that a Fund invests in such assets or activities, it will be subject to the risks normally associated with such assets and redevelopment activities, including, without limitation, the cost and timely completion of construction, the possibility of redevelopment cost overruns and delays due to various factors (including inclement weather, labor or material shortages, the unavailability of construction and permanent financing and timely receipt of zoning and other regulatory approvals), the availability of both construction and permanent financing on favorable terms and market or site deterioration after the redevelopment decision being made. These risks could result in substantial unanticipated delays and/or expenses and, under certain circumstances, could prevent completion of development activities once undertaken. Any unanticipated delays or expenses could have an adverse effect on the results of operations and financial condition of a Fund. If a Fund makes an investment in a property which subsequently becomes subject to redevelopment, such investment may receive little or no cash flow from the date of commencement of redevelopment through the date of completion of redevelopment and may continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of redevelopment that make such redevelopment less attractive than at the time it was commenced.

Competition with Other Luxury Hotel Properties. The Funds will face significant competition from other developers, owners and operators of luxury hotel properties in the same markets and may be in competition with other properties owned or managed by the Adviser for its own account or for other client accounts. When a Fund that has made an equity investment in a property, seeks to sell such property, it will compete with other owners of luxury hotel properties.

Non-controlling Investments. From time to time the LTE Fund could, and the Funds are expected to, hold debt obligations and other non-controlling interests in real estate investments and, therefore, will have a limited ability to protect such investments. However, the Adviser will seek appropriate creditor and/or shareholder rights to help protect any such Fund's interest.

Risks of Derivatives. The Funds may utilize derivative instruments and techniques in order to hedge interest rate and currency risk to which such Funds are subject. In addition to the general risks involved in any hedging activities, engaging in derivative transactions is subject to specific risks. The prices of all derivative instruments, including options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal,

monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or other instruments underlying them. In addition, a Fund will also be subject to the risk of the failure of any of the exchanges on which it trades derivative instruments or of their clearinghouses.

Counterparty Risks in Derivative Transactions. The Funds may effect hedging or other derivative transactions “over-the-counter” or in “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes such Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the applicable contract (whether or not such dispute is bona fide) or because of a credit or liquidity problem, causing the applicable Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. The Adviser has no internal credit function that evaluates the creditworthiness of a counterparty in such a transaction. Further, while the Adviser will take great care in selecting brokers or dealers who will maintain custody of certain of a Fund’s assets held as margin or other collateral for the Fund’s borrowings, there is a risk that any of such brokers or dealers may become insolvent. It is expected that all Fund assets that are deposited with such brokers or dealers will be held in such brokers’ or dealers’ “street name” and hence a Fund will be exposed to a credit risk with respect to such parties. During the global recession, several prominent financial market participants failed or nearly failed to perform their contractual obligations when due - creating a period of great uncertainty in the financial markets, government intervention in certain markets and in certain failing institutions, severe credit and liquidity contractions, early terminations of transactions and related arrangements, and suspended and failed payments and deliveries.

Currency Risk. The Funds may make investments denominated in currencies other than U.S. Dollars. Such investments will create currency exchange risks for the Fund (including the inability to repatriate currency, devaluation and non-exchangeability). Because the Funds will calculate income in U.S. Dollars, if the Funds make investments denominated in currencies other than U.S. Dollars, they may enter into one or more currency swap agreements or other derivative transactions to hedge the risks associated with exchange rate fluctuations. However, the amount and timing of distributions on investments denominated in currencies other than U.S. Dollars may not match the anticipated payments hedged by such currency swap agreements, and such mismatch would leave the Fund’s income subject to risks from exchange rate fluctuations.

Potential Restrictive Covenants. From time to time the Funds are expected to enter into a credit facility with one or more lenders to bridge capital calls. Any such credit facility may contain a number of covenants that, among other things, might restrict the ability of the applicable Fund to: acquire or dispose of assets or businesses; incur additional indebtedness; make expenditures, distributions or capital calls; create liens on assets; enter into leases, investments or acquisitions; consent to transfers of interests in the Fund; make amendments to the Governing Documents of the Fund; or engage in certain transactions with affiliates, and otherwise restrict activities of the Fund without the consent of the lenders. In addition, such a credit facility would likely require the Fund to maintain specified financial ratios and comply with tests, including minimum interest

coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements.

Inability to Execute Business Plan. There can be no assurance that the Adviser will be able to execute the business plan for the Funds or any or all of the Funds' investments. Unforeseen factors may arise that the Adviser is not in a position to control, which may interrupt the Adviser's investment program and/or negatively impact returns on Fund investments. For example, opportunities to renegotiate or restructure existing, unfavorable debt with respect to a Fund investment may be limited due to the existence of conflicting priorities of property owners, lenders or other third parties. Furthermore, an applicable tax regime or regulation, such as planning or zoning regulations with respect to development projects that may have made a particular Fund investment desirable upon acquisition may be subsequently varied or amended and, as a consequence, the Fund investment may no longer achieve the same returns as originally anticipated.

Distressed Investments. The Funds may invest in the debt or equity, including debt obligations that are in covenant or payment default, of properties experiencing significant financial difficulties and material operating issues, including properties that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such properties involve a substantial degree of risk that is generally higher than the risk involved in investing in properties that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed properties, there can be no assurance that the Adviser will correctly evaluate the value of the assets of a distressed property securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such property. Therefore, in the event that a portfolio property does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

Hedging. The Funds may enter into hedging transactions primarily to protect against the possible adverse effects to the value of its assets associated with interest and currency rate fluctuations. There can be no assurance that a Fund's hedging activities will have the desired effect on the performance of the Fund. The use of hedging transactions involves certain risks, including (i) the possibility that interest and currency rates fluctuate in a manner that would have led to better performance for the Fund if the Fund had not entered into such a transaction, (ii) the risk of imperfect correlation between the risk being hedged and the instrument used to hedge such risk, and (iii) potential lack of liquidity for the instrument used to hedge the risk. Engaging in hedging transactions may result in worse overall performance for the Fund than if it had not engaged in any such hedging transactions.

Prepayments. The yield on any Fund asset, and accordingly the overall return generated by the Fund, will be affected by the rate and timing of principal payments of such assets. The rate and timing of these principal payments, or in the case of principal losses, principal or notional write-downs, will be affected by, among other factors, (i) unscheduled principal payments or collections in the form of voluntary prepayments of principal or unscheduled recoveries of

principal due to defaults, and (ii) the order of priority in which such principal and collections are distributed in reduction of the actual or notional principal balance of the assets.

Future and Past Performance. The performance of prior investments managed by certain of the Adviser's investment professionals (including the Principal) is not necessarily indicative of the Funds' future results. While the Advisers intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. Additionally, changes to estimates or projections used to assess the fair value of a Fund's assets, or operating results that are lower than a Fund's current estimates at certain locations, may cause the Fund to incur impairment charges that could adversely affect the Fund's results of operations.

Concentration of Investments. The Funds will participate in a limited number of investments and intend to make most of their investments in North America with a focus on real estate investments in the lodging and hospitality industries. Such investments may occur within a short period of time and/or in particular geographic regions of North America. As a result, a Fund's investment portfolio could become highly concentrated, and the its returns may be affected substantially by the performance of a few holdings, a particular geographic region or the hospitality and/or lodging industries in general. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer real estate and real estate-related assets and thus be less diversified, and the returns achieved on those investments purchased will be proportionately reduced as a result of allocating Fund expenses among such investments.

A Fund may provide bridge financing to facilitate investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Fund Agreement, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's investment portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the investment limitations set forth in the Fund Agreement.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful equity investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (and the Management Fee payable to the Adviser (or an affiliate thereof)) may exceed its income, thereby requiring that the difference be paid from the Fund's capital.

Non-U.S. Investments. The Funds generally may invest in Canada and Mexico, in Canadian Dollars or Mexican Pesos (as applicable) and/or through entities formed outside the U.S. These investments involve special risks not usually associated with investing in U.S. investments, entities, the U.S. federal government or U.S. state or local governments due to, among other things, potentially unsettled points of applicable governing law, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and

non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners. Because investments in non-U.S. investments may involve non-U.S. Dollar currencies and because a Fund may incur obligations or temporarily hold funds in such currencies, a Fund may be affected favorably or unfavorably by changes in currency rates (including as a result of the devaluation of a foreign currency) or in exchange control regulations and may incur transaction costs in connection with conversions between various currencies. It may also be substantially more difficult to effect hedging transactions in foreign markets than it is typically in the United States.

In addition, because non-U.S. investments and entities are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. investments and entities, there may be different types of, and lower quality, information available about a non-U.S. investment or entity than a U.S. investment or entity. With respect to certain countries, there may be the possibility of expropriation or confiscatory taxation; withholding taxes imposed by such countries which may reduce the income realized, or gross sale or disposition proceeds received, by a Fund from sources within such countries; political, economic or social instability; changes in governmental administration or economic monetary policy; limitation on the removal of funds or other assets or the repatriation of taxes on interest, capital gain or other income; import duties or other protectionist measures; credit controls; and greater risks of nationalization or diplomatic developments that could adversely affect the Fund's investments in those countries. The value of a Fund's investments may be affected by inflation, interest rates, taxation, commodity prices and other political and economic developments in or affecting non-U.S. countries. While the Adviser intends to manage the Funds in a manner to reduce the exposure to such risks, there can be no assurance that adverse political or economic developments will not cause the Funds to suffer a loss.

Limited Transferability of Fund Interests. There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to the investors and it may be difficult to liquidate such investments at a price or within a time period desired by such investors. After a distribution of an investment is made to the investors, many investors may decide to liquidate such investment within a short period of time, which could have an adverse impact on the price of such investment. The price at which such investment may be sold by such investors may be lower than the value of such investment determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to the Adviser with respect to such investment.

Reliance on Fund Management. The Funds will be dependent on the Adviser. Control over the operation of the Funds will be vested with the Adviser, and the Funds' future profitability will depend largely upon the business and investment acumen of the Principal and the investment professionals of the Adviser. The loss or reduction of service of the Principal or other investment professionals of the Adviser could have an adverse effect on the Funds' ability to realize their

investment objectives. In addition, the Principal and other investment professionals of the Adviser currently manages, and may in the future manage, other investment vehicles besides the current Funds and may need to devote substantial amounts of time to the investment activities of such other funds. Similarly, certain directors, officers or employees of the Adviser, including the Principal, are expected to provide certain consulting, hotel asset management or operational management, development, sales, marketing and residential brokerage services and/or administrative services (including accounting, financial and other similar services) to certain entities affiliated with the Adviser, including the Real Estate Services Group, with respect to real estate assets that are unrelated to the Funds' investments. Such present and potential future obligations of the Principal and other persons may pose conflicts of interest in the allocation of the time of the Principal and such other persons. Investors generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend on the actions of the Principal and the investment professionals of the Adviser. In addition, certain changes in the Adviser or circumstances relating to the Adviser may have an adverse effect on the Funds or one or more of their assets, including potential acceleration of debt facilities. No assurance can be given that the Adviser will be successful in selecting suitable investments on behalf of the Funds or that the objectives of the Funds will be achieved.

Although the Adviser will monitor the performance of each Fund investment, in many cases it will primarily be the responsibility of each property's management and/or operations team to operate such property on a day to day basis. However, from time to time, certain properties that a Fund acquires are expected to be managed by personnel or affiliates of the General Partner and/or the Adviser, including property management companies affiliated with the Adviser. Accordingly, such property's business and operating results would depend in large part upon the performance of personnel or affiliates of the General Partner and/or the Adviser. While the Adviser and its affiliates will seek to effectively manage such properties, there is no guarantee that such persons will be able to meet the performance objectives desired by the Fund.

Third Party Involvement. To the extent a Fund is permitted to make equity investments pursuant to its Governing Documents, equity investments may be made as a co-venturer or partner with the seller of the property, an affiliate of the seller, an investor in the Fund or other third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the applicable Fund and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venture or partner of the Fund may at any time have economic or business interests or goals that are inconsistent with those of the Fund; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the Fund's investment objective; (v) the co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Fund may be liable for actions of its co-venturers or partners. In addition, such Fund may rely upon the abilities and management expertise of a co-venturer or partner. It may also be more difficult for the Fund to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments. The Fund may grant co-venturers or partners joint approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks. A deadlock could delay the execution of the business plan for the investment or require the Fund to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment. As a

result of these risks, the Fund may be unable to fully realize its expected return on any such investment. Further, to the extent that the Fund offers any co-investment opportunity to any investors or third parties, some or all of the risks described above may also apply to such co-investments. Additionally, if the Fund is unable to maintain good relationships with third-party hotel owners and renew or enter into new management and franchise agreements, the Fund may be unable to expand its presence and its business, financial condition, and results of operations may suffer. The Fund's business is subject to real estate investment risks for third-party owners which could adversely affect the Fund's operational results and its prospects for growth. Additionally, the Fund is exposed to the risks resulting from significant investments in owned and leased real estate, which could increase costs, reduce profits and limit the Fund's ability to respond to market conditions and sharing control in joint venture projects limits the Fund's ability to manage third-party risks associated with these projects.

Limited Operating History. There can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments of the Adviser and/or its affiliates. In addition, the Funds' investments are expected to differ from previous investments made by the Adviser in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular investment, investments within a particular region or sector, amount of leverage used, structure and holding period.

Projections. Any projected performance for the Funds' investments normally will be based primarily on financial projections. In all cases, projections are only estimates of future results that are based upon information relating to investments and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Controlling Person Liability. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, a Fund might suffer a significant loss.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus, diseases or pandemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire investments, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio investments to execute their respective operations and to receive an attractive multiple of earnings upon disposition. This may slow the rate of future investments by a Fund and result in longer holding periods for investments.

Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio investments.

Outbreaks of Infectious or Contagious Diseases; COVID-19. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and COVID-19 have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity, all of which may result in significant losses to a Fund. The Funds invest in hospitality and/or other types of hospitality-related investments that are uniquely susceptible to the impact of a public health emergency, such as COVID-19. Decreased demand and confidence as well as increased governmental measures, particularly with respect to the entertainment, travel and tourism industries, are likely to have an outsized impact on the market for hospitality and lodging. Business and recreational travel is likely to be adversely impacted due to delays or cancellations of conferences, retreats, sporting events, concerts and other large organized gatherings, and the growing accessibility to and migration towards alternatives for in-person meetings, including virtual meetings hosted online or via private teleconferencing networks. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), business shutdowns (including food and beverage), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 significantly diminished global economic production and activity of all kinds and contributed to both volatility and declines in markets for financial assets as well as commodities and other assets. Among other things, these unprecedented developments resulted in material reductions in demand across some, many or all categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households. Certain industries are likely to feel such impacts particularly acutely, for instance industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail and.

The COVID-19 crisis and any other public health emergency could result in significant adverse impacts on the Funds. The extent of the impact of any such emergency depends on many factors, all of which are highly uncertain and cannot be predicted, which may impact Ohana's or the Funds' ability to source, diligence and execute new investments and to manage, finance and exit investments in the future, or cause significant changes or reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. Likewise, social or governmental mitigation actions may (among a wide variety of other potential effects) constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy Funds intend to pursue, all of which could adversely affect Funds' ability to fulfill their investment objectives. They also have the potential to impair the ability of Funds' investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences, including the potential for defaults by borrowers under debt instruments held by a Fund. Due to the often discretionary nature of the demand for hospitality products, and to the extent

that the overall consumer income-level decreases as a result of any of the above, the Fund's investments and are likely to be materially and adversely affected. In addition, the operations of the Funds, their investments, the applicable General Partner, Ohana and their respective affiliates may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other social, political, financial, legal, regulatory and other factors related to an actual or threatened public health emergency (such as COVID-19), including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Funds and their investments and could adversely affect the Funds' ability to fulfill their investment objectives.

The extent of the impact of any public health emergency on the Funds' and their investments' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Funds' investments, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve their investment objectives, all of which could result in significant losses to the Funds. In addition, the operations of the Funds, their investments, the general partners and the investment manager may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including their potential adverse impact on the health of any such entity's personnel.

Conflicting Investor Interests. Investors may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the Adviser regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Adviser generally will consider the investment and tax objectives of the Fund and its investors as a whole, not the investment, tax, or other objectives of any investor individually.

Investor Services to Fund and/or Portfolio Investments. The Adviser may be presented with opportunities to seek financing, real estate and other services in connection with a Fund's investments from certain investors or their affiliates (which may be affiliates or associates of the Adviser) that are engaged in the lending business, real estate business or other businesses. For example, an affiliate of the Principal, is expected to provide residential brokerage, sales, marketing

and related services to certain Funds' and/or their portfolio investments, as described below. Such arrangements have the potential to subject the Adviser to conflicts of interest, because although the Adviser selects lending, real estate and other service providers that it believes are aligned with its operational strategies and will enhance investment performance and, relatedly, returns of the Fund, the Adviser has an incentive to pursue financing, real estate and other opportunities with certain investors because of its financial or other business interests, including an investor's historical relationship, affiliation or potential future relationship with the Adviser and Fund investments made or to be made by an investor. There are scenarios in which the Adviser, because of a belief that an investor will invest or continue to invest in one or more investment funds managed by the Adviser or any of its affiliates, or for other reasons, may favor the retention or continuation of lending, real estate or other services from such investor even if better rates and/or quality of service could be obtained from another provider. Whether the Adviser has a relationship or receives financial or other benefit from recommending a particular investor for lending, real estate or other services, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at a lower cost.

Valuation of Investments. Generally, the Adviser will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all Fund portfolio investments because, among other things, the securities of the portfolio investment(s) held by such Fund generally will be illiquid and not quoted on any exchange. The Adviser will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the Adviser will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of an Adviser with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by the Adviser may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Unfunded Pension Liabilities of Portfolio Companies. Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Adviser intends to manage each Fund's investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement

Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

LTE Fund Incentive Distributions. With respect to the LTE Fund, the Incentive Distributions have priority over, and are paid to the LTE General Partner prior to, any distributions paid to the investors, do not constitute transaction fees or any other amount that offsets or reduces the Management Fee, and are not subject to the LTE General Partner's clawback obligation under the LTE Fund's Governing Documents (which requires the LTE General Partner to restore certain distributions in excess of thresholds specified therein). As set forth more fully in the LTE Fund's Governing Documents, Incentive Distribution amounts with respect to any investment will be calculated based on EBITDA (determined in accordance with the Uniform System of Accounts for the Lodging Industry, 11th Edition, or any subsequent editions, the "Lodging Industry Uniform System") generated by such investment, as determined by the LTE General Partner based on information provided to it regarding the investment, subject to such adjustments as the LTE General Partner deems appropriate in its reasonable discretion. While the LTE General Partner believes it will obtain reliable EBITDA information from the management of portfolio investments, it may not independently verify or audit all EBITDA information it receives. Other industry participants may calculate EBITDA differently than the LTE General Partner (whether pursuant to the Lodging Industry Uniform System or otherwise), and such alternative calculations may result in lower EBITDA amounts, which in turn would result in lower Incentive Distributions paid by the LTE Fund. In addition, the LTE General Partner will receive an annual Incentive Distribution so long as the relevant portfolio investments collectively generate positive EBITDA for the LTE Fund as a whole, as specified in greater detail in the LTE Fund's Governing Documents; however, positive EBITDA of portfolio investments will not necessarily result in positive returns to investors. Therefore, the LTE General Partner may be awarded Incentive Distribution amounts with respect to investments that ultimately are not profitable upon disposition and/or do not result in distributions to investors, and such amounts will not be recouped by investors through an offset to the Management Fee, a clawback of LTE General Partner distributions, or otherwise.

Privacy, Data Protection and Information Security Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations ("Privacy Laws") in the United States, the EU and elsewhere could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Adviser, the General Partners, the Funds and/or their portfolio investments, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Adviser, the General Partners, the Funds and/or their portfolio investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly

impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability on regulated entities.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio investment is subject to cyber-attack or other unauthorized system access is gained, such may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or operating company financial information; (iii) operating company software, contact lists or other databases; (iv) operating company proprietary information or trade secrets; or (v) other items. In certain events, an operating company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject an operating company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its service providers holding its financial or investor data, the Adviser, its affiliates or the Funds may also be at risk of loss.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of the Adviser and its affiliates, as well as in connection with officerships or directorships of Adviser personnel, the Adviser frequently comes into possession of confidential or material non-public information. Therefore, the Adviser and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Adviser's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Adviser or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio investments owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio investment may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio investments owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of the Adviser's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio investments on a timeline or in a manner deemed undesirable by the Adviser or may limit the ability of one or more portfolio investments from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the accounts of other Funds in addition to providing hotel asset management or operational management, development, sales, marketing and residential brokerage services and/or administrative services (including accounting, financial and other similar services) with respect to Fund portfolio investments and/or other investments. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund likely will conflict with the interests of the Adviser, one or more other Funds, portfolio investments or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory board(s) of the participating Fund(s).

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by the Adviser's investment professionals through such Fund, subject to certain limited exceptions set forth in the Fund's Governing Documents and the Adviser's allocation policies. Without limitation, the Adviser's investment professionals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. The Principal and the Adviser's investment professionals will continue to manage and monitor such investments until their realization. Certain of the Adviser's investment professionals engage in other business activities, including serving on the board of directors of companies in the hotel or related industries. The investment professionals of the Adviser also currently have, and expect in the future to have, economic interests in other businesses (such as the Real Estate Services Group), as well as other investment portfolios and investments and receive fees and carried interest relating to these interests. Such other investments and/or business activities that the Adviser's investment professionals expect from time to time to control, manage or engage in generally have the potential to compete with portfolio investments, including hotel properties (as discussed above), acquired by a Fund. Following the commitment period of a Fund, the Adviser's investment professionals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, the Adviser will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of the Adviser. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant Governing Documents, the Adviser is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of the Adviser in a portfolio investment also have the potential to raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser.

The Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Adviser generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, as well as factors including but not limited to: conflicts of interest provisions in the relevant Fund Governing Documents (and Side Letters), investment and operating guidelines, diversification limitations, tax and regulatory considerations, investment restrictions, risk and other relevant factors, including agreements with co-sponsors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliated adviser of the Adviser in the manner set forth in the Governing Documents and the Adviser's investment allocation policy. The Adviser will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with the Adviser's obligations and may take into consideration factors such as those set forth above. The Fund may invest together with other funds advised by an affiliated adviser of the Adviser in the manner set forth in the relevant Governing Documents and the Adviser's investment allocation policy. In the event that the available amount of an investment opportunity in which the Fund will invest exceeds an amount appropriate for the Fund, such excess may also be offered to one or more potential investors.

Following the determination of allocations among Funds based on the Governing Documents and other factors, the Adviser will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and the Adviser reserves the right, in its sole discretion, provide or commit to provide any such excess to one or more investors and/or other persons, including affiliates of the Adviser, the Real Estate Services Group and other consultants, service providers, finders, other sponsors and market participants, in each case on terms to be determined by the Adviser in its sole discretion, subject to its then-current policies and procedures regarding allocation and the Governing Documents and Side Letters. Conflicts of interest likely will arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which will be made to one or more persons for any number of reasons as determined by the Adviser in its sole discretion, may not be in the best interests of the applicable Fund or any individual investor. The Adviser will consider some or all of a wide range of factors in making such determinations, which may include: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the

investment opportunity; the Adviser's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Adviser's ability to execute the relevant transaction in the desired time or on desired terms; the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments); size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; whether the Adviser believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Fund or the Adviser; and other factors that the Adviser considers important in connection with the specific transaction or investment, including, without limitation, expected investment holding period, services provided by the prospective co-investor to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment). Although the Adviser reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by the Adviser in identifying co-investors. The Advisers reserve the right to grant certain investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio investments or otherwise to have priority in co-investment opportunities. There can be no assurance that co-investment opportunities will be offered.

Furthermore, the Adviser or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. For instance, Significant Investors will be offered their pro rata share (based on commitments) of any co-investment opportunity offered to other Fund investors. When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in (directly or indirectly through the Adviser) or alongside a Fund, the Adviser and its affiliates are subject to potentially conflicting interests in connection with such Fund's investments. There can be no assurance that such Fund's return from a transaction would be equal to and not less than another investment vehicle participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The Adviser's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While the Adviser will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Adviser expects to be subject, discussed herein, did not exist. Subject to applicable regulations, in certain cases, certain Funds are expected to buy or sell securities from other Funds without investor approval, provided that such transactions will be conducted in a

manner that the Adviser believes in good faith to be fair and equitable to the Funds under the circumstances.

In certain cases, the Adviser will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio investment's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio investment. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by the Adviser in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio investment, the Adviser expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Adviser expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds are expected to be prohibited from exercising (or the Adviser may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. the Adviser intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of an investment in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This will likely result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such

investment at the same time or on the same terms. Adviser and its affiliates may from time to time express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds that may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, the Adviser will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, the Adviser expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by the Adviser using its reasonable judgment, considering such factors as it deems relevant, but in its sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or the Adviser. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

To the extent the Funds' hold controlling interests (typically in the case of equity interests) in portfolio investments, the Adviser and/or its affiliates typically will have the right to appoint board members (including current or former Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio investment board members approve compensation and/or other amounts payable to the Adviser and/or its affiliates. Except to the extent such amounts are subject to the offset provisions of the Governing Documents, they will be in addition to any Management Fees or carried interest paid by a Fund to the Adviser or its affiliates.

Additionally, a portfolio investment typically will reimburse the Adviser or service providers retained at the Adviser's discretion for expenses (including without limitation travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio investment. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time could be significant. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to: agreements with or review by sellers, buyers and management

teams; the review and supervision of the board of directors of portfolio investments; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

Certain investment professionals of the Adviser including the Principal are expected to perform consulting, hotel asset management or operational management, development, sales, marketing and residential brokerage services and/or administrative services (including accounting, financial and other similar services) for third-parties and Adviser affiliates pursuant to agreements with such parties, including the Real Estate Services Group.

The Adviser generally will receive compensation and reimbursements from such affiliates and/or third parties for expenses attributable to such services, including, salaries and out-of-pocket expenses. In addition, as discussed below, to the extent the Real Estate Services Group provides Services to a portfolio investment, such portfolio investment is expected to pay the Real Estate Services Group, notwithstanding that certain Services provided by the Real Estate Services Group will be performed by Adviser employees in the Adviser's sole discretion. This subjects the Adviser and its affiliates to conflicts of interest because the Fund does not have an interest or share in these payments, such payments will not otherwise reduce the Fund's fees and expenses and the amount of such payments over time is expected to be substantial. The Adviser believes that potential conflicts may be reduced as discussed below.

The Adviser generally exercises its discretion to recommend to a Fund or to a portfolio investment thereof that it contract for services certain service providers, and from time to time such service providers are expected to include: (i) the Adviser, the Real Estate Services Group or a related person of the Adviser (which may include a portfolio investment of the Fund); (ii) an entity with which the Adviser or its affiliates or current or former members or personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit, including the Real Estate Services Group including relationships with joint venturers or co-venturers, or relationships where the Adviser personnel are seconded, or from which the Adviser receives secondees; or (iii) certain investors or their affiliates. This discretion subjects the Adviser to conflicts of interest, because although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio investment performance and, relatedly, returns of the relevant Fund, the Adviser has an incentive to recommend the related or other person (including an investor) because of its financial or other business interest, including the Principal's business interest in the Real Estate Services Group. There are scenarios in which the Adviser, because of such belief or for other reasons (including whether the use of such persons could financially benefit the Adviser and/or its affiliates, establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Fund or the Adviser), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. The Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Adviser and/or its affiliates reserve the right to employ personnel (or their affiliates) or utilize service providers with pre-existing ownership interests in the Funds, portfolio investments owned by the Funds or other investment vehicles advised by the Adviser and/or its affiliates; conversely, current or former personnel or executives of the Adviser and/or its affiliates may from time to time serve in significant management roles at portfolio property management or operational management companies or service providers recommended by the Adviser. Similarly, the Adviser, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers, advisors, consultants, finders (including executive finders, portfolio investment finders, executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio property management or operational management company executives, as well as certain family members or close contacts of these persons). Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or its affiliates, and/or the Funds or other investment vehicles they advise. The Adviser expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser or one or more Funds. The Adviser expects to be subject to a potential conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio investments for a Fund, while the products or services recommended may not necessarily be the best available to the Fund or its portfolio investments.

The Adviser believes that the significant investment of certain of its investment professionals in the Funds, as well as their interest in the carried interest, aligns, to some extent, their interests with the interest of the investors; however, certain strategic investors with significant capital commitments are expected to share in the net Management Fee income and/or carried interest with respect to a Fund. As discussed below, this also has the potential to create an incentive for the Adviser to utilize the services of the Real Estate Services Group. Such investors do not have investment approval, veto or other similar governance rights with respect to investment decisions by the Adviser.

The Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and its affiliates reserve the right to buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, officers, principals and employees reserve the right to buy securities in transactions offered to but rejected or otherwise not consummated by a Fund on their own behalf or on behalf of third parties, including Fund limited partners with whom they have a strategic or other relationship. Any such transactions are subject to any restrictions in the Fund's Governing Documents and any related policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of the Adviser have, and are expected to continue to have, capital investments or other financial interests in or alongside certain Funds, or in prospective portfolio investments directly or indirectly, and

therefore expects to have additional potential conflicting interests in connection with these investments.

In addition, as described above, in certain circumstances portfolio investments and the Funds will pay or bear certain fees with respect to the Real Estate Services Group (including consultants introduced or arranged by the Adviser and/or its affiliates that regularly provide services to one or more portfolio investments, prospective portfolio investments and/or the Fund), and such fees do not offset reduce the Management Fee. Certain members of the Real Estate Services Group generally make use of Adviser resources or otherwise are associated with the Adviser. The Real Estate Services Group generally receives investment opportunities, reimbursements and other compensation that will not be shared with the Funds or reduce the Management Fee of any Fund, as described herein. In addition, certain of the Adviser's investment professionals, including the Principal, are expected to provide consulting or other services to the Real Estate Services Group or Fund portfolio investments, and any fees earned in connection therewith similarly will not reduce any Management Fees. In addition, to the extent the Adviser provides hotel asset management or operational management, development, sales, marketing and residential brokerage services and/or administrative services (including accounting, financial and other similar services) to a Fund, a portfolio investment or a prospective portfolio investment, as permitted under the applicable Governing Documents, it reserves the right to charge such entities fees in addition to the Management Fee. As noted herein, certain members of the Real Estate Services Group are affiliates of the Adviser, and the Principal controls certain entities within the Real Estate Services Group, and the retention of the Real Estate Services Group subjects the Adviser and its affiliates to potential conflicts of interest because it would receive fees in addition to the Management Fee for Services provided by the Real Estate Services Group. Therefore, the Adviser has an incentive to engage the Real Estate Services Group for such Services. The Adviser believes that such potential conflicts may be reduced if the services of the Real Estate Services Group align with the Adviser's model for the portfolio investment and improve the performance of such investment. In addition, compensation paid to the Real Estate Services Group will be disclosed to the extent required under the applicable Fund's Governing Documents. Although the Adviser seeks to retain the Real Estate Services Group with a view to creating efficiencies in servicing portfolio investments (and, ultimately, the applicable Fund) and/or improving portfolio investment performance, a number of factors could result in limited or no cost savings from such retention. There can be no assurance that members of the Real Estate Services Group are more qualified to provide the applicable Services, or could provide such Services at a lower cost, than another service provider. The Adviser also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Real Estate Services Group members and other service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although the Adviser generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where the Adviser commits or has committed to seek "market" or "arms-length" rates or terms, the Adviser will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be

reflective of the range of rates in the applicable or related markets. Consequently, the Adviser undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking relates specifically to the assets or services to which such rates or terms relate.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when the Adviser may not otherwise have done so.

The Adviser and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. As a consequence of one or more investors being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating investors could be adversely affected in a material manner by the unfavorable performance of particular investments.

From time to time the Adviser expects to engage, or coordinate the engagement of, certain service providers and/or vendors, which provide goods and/or services to portfolio investments owned by a Fund, the Adviser, its affiliates (including the Real Estate Services Group) and portfolio investments owned by other Funds. Participants in such arrangements generally participate voluntarily and expect to receive discounts negotiated with such service providers and/or vendors on a group-wide basis. The Adviser and its affiliates (including the Real Estate Services Group) also participate, and receive similar benefits and discounts as the portfolio investments participating therein. No such amounts will offset or reduce the Management Fee. The Adviser believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio investments (which is expected to be to the benefit of the applicable Fund(s)) that will result if the negotiated discounts rates for goods and/or services are discounted relative to those widely available in the market.

From time to time the Adviser, its affiliates and personnel and persons selected by them expect to receive the benefit of “friends and family” and similar discounts from hotels, resorts and/or other properties owned by the Funds under which such properties make their lodging, leasing and/or services available at reduced rates. Because their portfolio investments offer such discounts to customers other than the Adviser and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, the Adviser believes that the potential for conflicts of interest relating to such discounts is mitigated. The Adviser, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Discounted prices or better terms offered by a portfolio investment to the Adviser,

its affiliates, any other portfolio investment or third parties have the potential to affect the returns of the portfolio investment.

Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from the appropriate investors in the relevant Fund(s).

ITEM 9 – DISCIPLINARY INFORMATION

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser is affiliated with other Ohana investment advisers, including the General Partners and equivalent entities formed from time to time and subject to the Advisers Act pursuant to Adviser's registration in accordance with SEC guidance. These entities operate as a single advisory business together with the Adviser and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

As noted above, the Adviser is affiliated with Ohana Realty Corp., a residential brokerage firm providing real estate sales and marketing services. Ohana Realty Corp. may provide services to a Fund or portfolio investment to the extent permitted under its Governing Documents. The Adviser does not believe the relationship creates a material conflict of interest, although potential conflicts of interest are discussed above under "Methods of Analysis, Investment Strategies and Risk of Loss."

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser has adopted the Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of the Adviser’s principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Adviser personnel to:

- report their personal securities transactions;
- pre-clear with the Chief Compliance Officer any proposed direct or indirect acquisition of beneficial ownership of any initial public offering or limited offering;
- pre-clear with the Chief Compliance Officer the direct or indirect acquisition or disposition of certain other securities; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to John Ginochio, the Adviser’s Chief Compliance Officer, at (650) 681-0185. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

The Adviser and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Adviser and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser.

Accordingly, should the Adviser or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, the Adviser generally would be prohibited from communicating such information to clients, and the Adviser will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and employees of the Adviser and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds.

The Adviser and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Funds generally restrict,

limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (e.g., by time or percentage of capital deployed).

From time to time, the Adviser reserves the right to advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund, consistent with the Governing Documents.

In borrowing on behalf of a Fund, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the investors would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. The relevant General Partner generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the investors. In addition, when the Management Fee is calculated as a percentage of invested capital, an investor may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to investors will be commensurate with such costs.

The Adviser will effect such borrowings consistent with a Fund's Governing Documents and in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

ITEM 12 – BROKERAGE PRACTICES

The Adviser focuses on securities transactions of private real estate-related debt securities and generally purchases and sells such securities through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Adviser reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Adviser does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In

such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception.

The Adviser does not expect to engage in regular public securities transactions; however, to the extent that the Adviser engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Adviser also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Adviser expects, but is not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Adviser is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

To the extent such orders are not batched, they have the potential to increase brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

ITEM 13 – REVIEW OF ACCOUNTS

The Funds generally hold private, illiquid and long-term investments. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors investments of the Funds. The relevant investment committee or the Principal (as applicable) is responsible for ensuring that Fund investments are maintained in order

with a Fund's stated objective(s), and the Adviser's Chief Compliance Officer periodically checks to confirm that such Fund is maintained in accordance with its stated objectives.

The Funds generally will provide to investors (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each investor's tax return and (iii) annual reports providing a narrative summary of the status of each portfolio investment.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser and/or its affiliates intend to provide certain business, consulting or real estate services to portfolio investments and expect to receive compensation from these companies in connection with such services. Generally, fees and expense reimbursements related to such services are in addition to Management Fees. *See* "Fees and Compensation."

The Adviser has engaged a placement agent, SAF Financial Securities LLC, to identify and refer certain potential investors to invest in the LTE Fund and Credit II Fund on a targeted and limited scope basis. Fees payable to SAF Financial Securities LLC will be borne by the Adviser indirectly, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

ITEM 15 – CUSTODY

The Advisers have custody of the Funds' assets and are subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). Pursuant to the Custody Rule, the Funds' assets are held in the name of one or more Funds with the following qualified custodian Merrill Lynch, Pierce, Fenner & Smith Incorporated. As mentioned in Item 13, the Funds' investors will receive annual GAAP audited and quarterly unaudited financial statements. Those audited financial statements will be distributed to the investors within 120 days of the Funds' fiscal year-end. The Adviser recommends that investors carefully review such quarterly statements and annual reports.

ITEM 16 – INVESTMENT DISCRETION

The Adviser generally has discretionary authority to manage investments on behalf of each Fund. As a general policy, the Adviser does not allow clients to place limitations on this authority. To the extent permitted under a Fund's Governing Documents, the Adviser and/or its affiliates also may enter into Side Letters with certain investors whereby the terms applicable to such investor's investment in the Fund may be altered or varied, including, in some cases, the right to consent to certain decisions that are made on behalf of the Fund. The Adviser assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the investors of such Fund, as applicable.

ITEM 17 – VOTING CLIENT SECURITIES

The Adviser has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for each Fund's portfolio investments. The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. The

Adviser generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. There also may be instances when the Adviser refrains from voting a proxy, such as when the Adviser determines that the cost of voting the proxy exceeds the expected benefit to a Fund and would not be in the Fund's best interest. The Adviser does not consider its receipt of management or other fees from portfolio investments to create a material conflict of interest in voting proxies with respect to such investments. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Adviser when voting proxies on behalf of a Fund. Clients or investors may obtain a copy of the Adviser's Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio investments by contacting John Ginochio, the Chief Compliance Officer, at (650) 681-0185, and it will be provided at no charge.

ITEM 18 – FINANCIAL INFORMATION

The Adviser does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.