

# **TPG Global Advisors, LLC**

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Part 2A of Form ADV: Firm Brochure  
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**This brochure provides information about the qualifications and business practices of TPG Global Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (817) 871-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about TPG Global Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

This brochure, dated May 15, 2020, updates our brochure dated March 30, 2020 to reflect that TSL Advisers, LLC, TPG Opportunities Advisers, LLC and their relying advisers are no longer our affiliates. In addition, we have revised the amount of regulatory assets under management included in Item 4.

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#### **ITEM 4 – ADVISORY BUSINESS**

For purposes of this brochure, “we,” “us” and “our” refer to TPG Global Advisors, LLC, together (where the context permits) with our subsidiaries that provide investment advisory services, including those that serve as general partners of the Global Vehicles (as defined below).

*Advisory Clients.* As set forth below, our only advisory clients are the TPG Management Companies, Funds and certain fee-paying Co-Investment Vehicles (each as defined below). In particular,

- we provide investment advisory services to the following:
  - we provide investment advisory services to affiliated management companies, which we refer to as the “TPG Management Companies.”
  - we provide, together with the relevant TPG Management Company, investment advisory services to pooled investment vehicles, including private equity funds and investment vehicles that focus primarily on public equity investments (those managed by TPG PEP Advisors, LLC and its relying advisers, “TPEP Vehicles”) that are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”), real estate investment trusts (“REITs”) (those managed by TPG RE Finance Trust Management L.P., “TRTX”) and certain separately managed account arrangements, all of which we refer to collectively as the “Funds.”

The Funds’ investors are primarily “qualified purchasers,” as defined in the Investment Company Act, and may include, among others, pension and profit sharing plans, trusts, estates, high net worth individuals, banks, thrift institutions, charitable organizations, corporations, limited partnerships and limited liability companies.

TPG Management Companies also serve as the sponsor of entities that act as feeder vehicles into certain Funds or, with respect to TPG Real Estate Advisors, LLC (“TPGRE”), Funds into which other Funds invest. Additionally, in order to meet tax, regulatory or other requirements, certain investors invest in substantially the same portfolio as the applicable Funds through specially formed investment vehicles, which we also advise.

- from time to time, certain TPG Management Companies also form capital around particular or multiple investment strategies or themes, or establish, on a transaction-by-transaction basis, investment vehicles, separately managed accounts or other accounts or arrangements through which certain persons generally invest alongside one or more Funds (each, a “Co-Investment Vehicle”). When a Co-Investment Vehicle is established for a particular transaction, it generally will invest in the transaction on the same terms as the applicable Fund that also is invested in such transaction. In certain cases, Co-Investment Vehicles may also pursue investments that are not pursued by a Fund.

We refer to the Funds and the certain fee-paying Co-Investment Vehicles collectively as the “Global Vehicles.”

We refer to the Global Vehicles and the TPG Management Companies collectively as the “Global Advisees.”

*Organization.* TPG Global Advisors, LLC was formed as a Delaware limited liability company in 2011 and is part of a private investment firm originally founded in 1992, which we refer to, together with its affiliates, including us, as “TPG.” Our ultimate principal owners are, indirectly, David Bonderman and James Coulter.

*Nature of Advisory Services.* As an investment adviser, we identify investment opportunities and participate in the acquisition, origination, management, monitoring and disposition of investments for Global Advisees. We primarily provide investment advisory services related to

- private equity investments in various industries, including leveraged acquisitions and recapitalizations, turnarounds, traditional buyouts and investments in growth companies;
- private equity and debt investments in a range of real estate-related strategies; and
- publicly traded equity investments.

Such investments take the form of various assets and instruments from a broad range of issuers, borrowers and counterparties in a broad range of markets, and in each case to the extent consistent with each applicable Global Advisee’s investment objectives and strategies (please see “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*” below).

*Advisory Services and Related Agreements.* We generally provide investment advisory services to each Global Advisee pursuant to a separate investment advisory services agreement with the applicable TPG Management Company, each of which we refer to as an “Advisory Services Agreement.” Each Global Advisee’s Advisory Services Agreement sets forth the terms of the investment advisory services we provide to the Global Advisee, including any specific investment guidelines or restrictions. Investment guidelines for each Global Vehicle, if any, are generally established in its organizational or offering documents and/or side letter agreements negotiated with its investors. We and TRTX amended TRTX’s Advisory Services Agreement on May 2, 2018. We provide investment advice directly to the Global Vehicles, and not individually to the investors in the Global Vehicles.

As described more fully in Item 11 below, TPG Management Companies and their related entities routinely enter into side letter agreements with certain investors in the Global Vehicles providing such investors with customized terms, which often results in preferential treatment.

*Amount of Client Assets.* As of December 31, 2019, we managed on a discretionary basis a total of approximately \$86,469,818,000 of client assets.

## **ITEM 5 – FEES AND COMPENSATION**

*Fees Generally.* The TPG Management Companies generally charge asset-based investment advisory fees (which in other contexts we commonly refer to as “management fees”) to the applicable Global Vehicle. Advisory fees paid by a Global Vehicle are indirectly borne by its investors. Such Global Vehicles’ advisory fees are deducted from Global Vehicle assets and generally payable quarterly or semi-annually in advance or in arrears, depending upon the Global Vehicle. The amount of any investment advisory fee is prorated for periods of less than a full billing cycle at the beginning or end of our provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of our investment advisory services. To the extent the base upon which we charge advisory fees changes during the course of the relevant period (e.g., due to an increase/reduction in actively invested capital), we generally are not required to make any adjustment, true-up or refund. As a result, we have an incentive to time the termination of the applicable Global Vehicle’s commitment period or the disposal of a particular investment in a manner that increases the aggregate amount of advisory fees we receive. Our Advisory Services Agreements generally impose some restrictions on a Global Vehicle’s ability to terminate the agreement. The specific restrictions vary depending on the nature of the Global Vehicle.

Each TPG Management Company establishes and negotiates with investors in the applicable Global Vehicle the precise amount of, and the manner and calculation of, the advisory fees. Such Global Vehicle’s Advisory Services Agreement, organizational documents, offering documents and/or other documentation, which we refer to collectively as, together with any applicable side letters, the “Governing Documents,” set forth the precise amount of, and the manner and calculation of, the advisory fees.

Certain investors in a Fund, including, for example, a Global Vehicle’s general partner, its affiliates and certain “friends of the firm,” pay reduced or no advisory fees at our discretion (though these investors generally pay their pro rata share of certain Global Vehicle expenses).

Please see Item 11 for a description of the side letter agreements we and our related advisers enter into with certain investors in Global Vehicles that provide such investors with customized terms, including with respect to reduced advisory fees.

Please see Item 6 for more information on incentive compensation.

*Termination Fee.* RE Finance Trust Management is entitled to a fee upon termination of the Advisory Services Agreement by TRTX (absent a cause event by RE Finance Trust Management). The termination fee would also be payable to RE Finance Trust Management upon termination of the Advisory Services Agreement by RE Finance Trust Management if TRTX materially breaches the Advisory Services Agreement.

*Fund Expenses.* In addition to the investment advisory or other fees described above,

- certain Funds reimburse us or our affiliates for certain organizational expenses, generally up to a specified cap, that are incurred in connection with the formation of the Funds and the offering of interests in them to potential investors, including:
  - fees and expenses of counsel, including for preparing offering materials and preparing and negotiating the Governing Documents;
  - travel and related expenses incurred in connection with meetings with prospective investors regarding possible investments in the Funds; and
  - other expenses related to a Fund's formation;
- each Fund (other than TRTX), and hence all of its investors, also generally bears all of the expenses incurred in relation to its activities, operations, meetings, termination and eventual liquidation (other than expenses resulting from the fraud, gross negligence or willful misconduct of us, its general partner or the applicable TPG Management Company) including, to the extent provided in the particular Fund's Governing Documents, expenses, costs and fees
  - incurred in connection with discovering, investigating, pursuing, negotiating and structuring of investment opportunities (whether or not the investment is consummated) and making investments, including, for example
    - fees, costs and expenses associated with the organization, operation, administration, restructuring or winding-up, dissolution and liquidation of any special purpose vehicles;
    - legal fees for drafting and negotiating agreements related to the making and financing of an investment, conducting due diligence and securing regulatory approvals;
    - fees of accountants that provide due diligence and other services;
    - fees of tax specialists that advise on the optimal structuring of an investment;
    - fees of investment banks and related bank charges, placement, syndication and solicitation fees, arranger fees, sales commissions, investment, execution, closing and administrative fees, costs and expenses;
    - fees of advisors, consultants and other third-party service providers that advise, among other things, on various aspects of sourcing, investigating and pursuing possible investments, including industry and subject-matter experts;

- fees and expenses relating to potential but not consummated investments, including costs that may have been allocated to prospective co-investors had the deal been consummated; and
  - fees and expenses related to the travel of our employees including airfare, hotel and meal expenses;
- incurred in holding, developing, operating, managing, monitoring and disposing of investments;
- of compensating co-venturers;
- related to the Fund's borrowing, such as interest, commitment fees, upfront fees, legal fees, structuring fees and underwriting fees, fees in connection with margin loans and total return swaps and other fees and expenses;
- related to conferences and other professional development activities for Portfolio Investment (defined below) executives (including those we organize);
- of
  - custodians,
  - depositories,
  - advisors (including Senior Advisors (as defined below)),
  - consultants (including, but not limited to, consulting fees incurred by a Fund for the benefit of portfolio companies or portfolio investments (which we refer to collectively as "Portfolio Investments")),
  - economists,
  - sourcing persons,
  - brokers,
  - intermediaries,
  - administrators,
  - valuation firms,
  - lawyers and legal professionals,
  - tax professionals,
  - accountants,



- auditors and
- other professionals for services rendered to the Fund

(in each case, regardless of whether our employees have provided similar services to the Fund or other Funds (as defined in Item 11 below));

- incurred in connection with assessing the societal impact of investments made by certain Global Vehicles (including fees of affiliates and third-party impact consultants);
- relating to advisory committee meetings and activities (or meetings and activities of a similar body), including
  - venue expenses,
  - fees, costs and expenses associated with any legal counsel or other third-party service providers or advisors, and
  - travel of the members of the Fund’s advisory committee (or similar body);
- relating to other meetings of Fund investors in connection with the Fund, including venue expenses, and fees, costs and expenses associated with any legal counsel or other third-party service providers or advisors;
- relating to the travel of our employees in connection with the Fund’s advisory committee (or similar body) or investor meetings and other Fund-related travel;
- for insurance coverage, including general partner liability/director and officer insurance and crime/fidelity insurance (see “*Item 11 – Allocation of Other Fees and Expenses*”);
- for software and development costs, including third-party diligence software and service providers;
- of any administrator and valuation experts (including in relation to calling capital from and making distributions to investors, the administration of assets, financial planning and treasury activities);
- relating to administrative and accounting services (including investor information databases) and the creation of financial reports and other responses to reporting requests from investors, including the costs incurred to audit and provide access (whether through the Fund’s website or other portal) to such reports and any other related operational, secretarial or postage expenses;
- of servicers engaged to provide asset management, due diligence and underwriting services, asset and loan servicing and operational or other services with respect to Portfolio Investments;

- relating to sales, leasing and brokerage commissions and any other investment costs actually incurred in connection with actual Portfolio Investments;
- relating to compliance with tax or regulatory requirements applicable to the Fund (including the preparation and delivery of Fund financial statements, tax returns and Schedule K-1s or equivalent forms), the preparation and submission of regulatory filings of the Fund and its affiliates and compliance with obligations arising from the European Union's Directive 2011/61/EU on Alternative Investment Fund Managers (the "AIFM Directive");
- all fees, costs and other expenses relating to the implementation of, and compliance with, legal, regulatory, environmental, social, governance and other similar standards applicable to the Fund, its investments and potential investments, including any related requirements set forth in one or more side letters ("Portfolio Compliance");
- relating to the maintenance of TPG's Luxembourg and Singapore offices (including office rent and salaries and other personnel expenses), and the establishment and maintenance of other non-U.S. offices or arrangements, where professionals perform certain local services in connection with the management of non-U.S. investments, including structuring, negotiation, execution, administration and monitoring activities;
- for litigation relating to the activities or operations of the Fund and any related judgments or settlements (including any indemnification paid pursuant to the Governing Documents);
- fees, costs and expenses relating to accounting services and the creation of financial reports, and other responses to reporting requests from a Fund's investors, including the costs incurred to audit and provide access (whether through the Fund's website or other portal) to such reports and any other related operational, secretarial or postage expenses;
- technology-related expenses, including any computer software or hardware, electronic equipment or purchased information technology services utilized in connection with a Fund's investments and operations;
- relating to any audit, investigation, regulatory or governmental inquiry or public-relations undertaking;
- relating to the representation of the Fund or its investors with respect to tax compliance or controversy matters;
- relating to compliance (or monitoring compliance) with the Fund's Governing Documents and preparation of related materials;
- consisting of taxes, fees or other governmental charges levied against the Fund or its subsidiaries;

- principal, interest, fees and other expenses in connection with or arising out of all indebtedness and borrowings made by the Fund, including the arrangement thereof;
- relating to winding up, liquidating or dissolution of the Fund;
- representing extraordinary expenses related to the Fund or actual or potential investments;
- relating to any amendments, restatements or other modifications to the Governing Documents and any other related documents of the applicable Fund, including the solicitation of any consent, approval, waiver or similar acknowledgement from investors and/or the Fund's advisory committee (or similar body) and preparation of related materials;
- for clearing and settlement charges;
- all third-party fees, costs and other expenses related to any of the foregoing; and
- not specifically identified in the Governing Documents as being borne by us; and
- in addition, TRTX is responsible for
  - fees, costs and expenses in connection with the issuance and transaction costs incident to the acquisition, negotiation, structuring, trading, settling, disposition and financing of TRTX's investments (whether or not consummated), including brokerage commissions, hedging costs, prime brokerage fees, custodial expenses, clearing and settlement charges, forfeited deposits and other investment costs, fees and expenses actually incurred in connection with the pursuit, making, holding, settling, monitoring or disposing of actual or potential investments;
  - fees, costs and expenses of legal, tax, accounting, consulting, auditing (including internal audit), finance, administrative, investment banking, capital market and other similar services rendered to TRTX (including, where the context requires, through one or more third parties and/or our affiliates) or, if provided by our personnel or personnel of our affiliates, in amounts that are no greater than those that would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis;
  - the compensation and expenses of TRTX's directors (excluding those directors who are officers or employees of us (or our affiliates)) and the cost of "errors and omissions" and liability insurance to indemnify TRTX's directors and officers;
  - interest and fees and expenses arising out of borrowings made by TRTX, including costs associated with the establishment and maintenance of any of its credit facilities, other financing facilities or arrangements or other indebtedness (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any of its securities offerings;

- expenses connected with communications to holders of TRTX's securities and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including all costs of preparing and filing required reports with the SEC, the costs payable by TRTX to any transfer agent and registrar in connection with the listing and/or trading of its securities on any exchange, the fees payable to any such exchange in connection with its listing, costs of preparing, printing and mailing TRTX's annual report to its stockholders and proxy materials with respect to any meeting of its stockholders and any other reports or related statements;
- TRTX's allocable share of costs associated with technology-related expenses, including any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors or our affiliates, technology service providers and related software/hardware utilized in connection with TRTX's investment and operational activities;
- TRTX's allocable share of expenses incurred by our managers, officers, personnel and agents for travel on its behalf and other out-of-pocket expenses incurred by them in connection with the purchase, financing, refinancing, sale or other disposition of an investment or the establishment and maintenance of any financing facilities or arrangements, securitizations or any securities offerings;
- TRTX's allocable share of costs and expenses incurred with respect to market information systems and publications, research publications and materials, including news research and quotation equipment and services;
- the costs and expenses relating to ongoing regulatory compliance matters and regulatory reporting obligations relating to TRTX's activities;
- the costs of any litigation involving TRTX or its assets and the amount of any judgments or settlements paid in connection therewith, directors and officers, liability or other insurance and indemnification or extraordinary expense or liability relating to TRTX's affairs;
- all taxes and license fees;
- all insurance costs incurred in connection with the operation of TRTX's business except for the costs attributable to the insurance that we elect to carry for ourselves and our personnel;
- TRTX's allocable share of costs and expenses incurred in contracting with third parties, in whole or in part, on TRTX's behalf;
- all other costs and expenses relating to TRTX's business and investment operations, including the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of investments, including appraisal, reporting, audit and legal fees;

- expenses relating to any office(s) or office facilities, including disaster backup recovery sites and facilities, maintained for TRTX or its investments separate from our offices;
  - expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by TRTX's board of directors to or on account of holders of its securities, including in connection with any dividend reinvestment plan;
  - any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against TRTX, or against any of its directors, trustees, partners, members or officers in their capacity as such for which TRTX is required to indemnify them by any court or governmental agency;
  - the cost of any equity awards for directors and/or executive officers; and
  - all other expenses we actually incur (except as otherwise described above) that are reasonably necessary for the performance of our duties and functions under the Advisory Services Agreement.
- certain Funds reimburse us or our affiliates for certain expenses, including, among other things, expenses related to in-house services (as described below) and employees or consultants providing operational support, regulatory or legal support, specialized operations and consulting services and similar or related services (as described below – see “*Item 11 – Providers of Specialized Operational Services to Portfolio Investments*”) to the Global Advisees or their Portfolio Investments.

In addition, the Governing Documents typically provide that TPEP Vehicles will bear certain travel expenses but we have determined that we will bear these expenses instead.

Certain Funds' Governing Documents generally permit the Funds, subject to certain limitations, to borrow to pay the expenses described above.

Some expenses are incurred on an aggregate basis for the benefit of multiple Global Vehicles and/or TPG. We allocate the aggregate costs of these items across the applicable Global Vehicles and/or TPG in a manner we determine to be reasonable and fair in our sole discretion. Generally, the allocation method across multiple Global Vehicles is pro rata in accordance with assets under management, but we may vary this approach in particular instances if we believe another method is more equitable. For instance, when allocating amounts (including firm-wide insurance) to TPG, TPG's allocable portion may be based on some other metric and may be a fixed percentage that we determine to be equitable. See “*Item 11 – Allocation of Other Fees and Expenses*” for more information.

In addition, although some expenses are incurred on behalf of a Global Vehicle, they may benefit other Global Vehicles or TPG more broadly. For example, information TPG obtains in connection with a Global Vehicle's research, due diligence and investment activities will be valuable to other Global Vehicles. Furthermore, tools and resources developed at a Global Vehicle's expense will be the intellectual property of TPG and not the Global Vehicle. TPG may license or sell their

intellectual property to third parties in the future, and the relevant Global Vehicle may not benefit from such license or sale.

For information on brokerage practices, see Item 12 below.

*Co-Investment Vehicles.* In certain cases, a Co-Investment Vehicle or other co-investors will evaluate a potential investment alongside a Fund. Investors in a Co-Investment Vehicle typically bear all expenses related to the vehicle's formation and operation similar to those described above for a Fund, and the vehicle generally bears its pro rata portion of expenses incurred in the making of an investment. However, if the potential investment is not consummated, the full amount of any expenses relating to the potential but not consummated investment and co-investment (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) will typically be borne entirely by the Fund or Funds we select as proposed investors for such investment, rather than the Co-Investment Vehicle or other co-investor. See "*Item 11 – Allocation of Fees and Expenses for Broken Deals*" for more information.

With respect to Co-Investment Vehicles, any fees to be received by a TPG Management Company, and expenses borne by the Co-Investment Vehicle, are generally negotiated on a vehicle-by-vehicle basis, but sometimes include asset-based fees and expense reimbursements, reimbursements for Specialized Operational Services (as defined below see – "*Item 11 – Providers of Specialized Operational Services to Portfolio Investments*") or non-advisory administrative fees similar to those described above for the Funds.

*Fees for Services Provided to Portfolio Investments.* In addition, TPG Management Companies or their affiliates, including the affiliated general partners of the Global Vehicles, receive fees related to the making or origination, disposition or management of investments by the Global Vehicles ("Related Services"), other than in the case of certain REITs and TPEP Vehicles, including:

- acquisition and disposition fees;
- monitoring fees (which may be accelerated in certain circumstances as described below);
- directors' fees;
- financial consulting fees;
- advisory fees;
- organization, financing, divestment and topping fees;
- break-up fees received in connection with the termination, cancellation or abandonment of a potential investment;
- commitment fees;
- origination fees; and

- any other fees earned on or relating to the making, disposition or management of investments.

Governing Documents generally allow us to receive fees for Related Services from a Global Vehicle's Portfolio Investments, and we expect to receive such fees over the life of a Global Vehicle. The amount, structure, timing and other terms of any fee for Related Services will vary depending on the terms of our agreement with each Portfolio Investment. Some fees for Related Services are payable upon closing of a particular transaction or other events, whereas other fees are payable in annual installments, with the possibility that those annual payments accelerate upon specified events. For example, we from time to time charge a Portfolio Investment annual monitoring fees under a management services agreement. The monitoring fees can be a fixed annual amount or a floating amount, sometimes based on a percentage of the investment's earnings. A management services agreement typically has a stated term of ten years, though we expect a management services agreement to terminate when the Global Vehicle ceases to hold a material interest in the relevant Portfolio Investment. In certain circumstances (such as the occurrence of an initial public offering or a sale where the Global Vehicle maintains a material interest), the termination of the management services agreement may result in the acceleration of the payment of all or a portion of the monitoring fees or may result in the payment of other exit, performance-based or termination fees. The fees paid by Portfolio Investments for Related Services in these situations may be significant. In general, we typically do not negotiate such fees with Portfolio Investments on an arm's-length basis. Fees for Related Services could adversely affect a Portfolio Investment's financial performance.

Although these fees for Related Services are in addition to the advisory fees, TPG Management Companies will in some circumstances be obligated to reduce the amount of advisory fees paid by the applicable Global Vehicle by an amount equal to all or a portion of such fees for Related Services. The specific amount and nature of this reduction varies among Global Vehicles and is generally set forth in the Governing Documents of the applicable Global Vehicle. Furthermore, a Global Vehicle will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee allocable to another entity, including, if applicable, another Global Vehicle or co-investor. As some Global Vehicles do not pay advisory fees (*e.g.*, certain Co-Investment Vehicles) or do not have offset provisions requiring the reduction of advisory fees, we will retain fees for Related Services allocable to these Global Vehicles without reduction.

Certain fees and reimbursements are generally not considered fees for Related Services under the terms of the applicable Governing Documents, and are not subject to the reduction arrangements described above. These amounts include:

- any amounts paid by Portfolio Investments to a TPG Management Company as reimbursement for any out-of-pocket costs and expenses we incur in connection with a transaction (including travel expenses, which include expenses for business or first class travel, "black car" transportation and meals (including late night meals consumed at times when not traveling) and entertainment-related expenses) or its performance of services for such Portfolio Investment, whether or not these expenses would be payable by a Global Vehicle if not for such reimbursement;

- a portion of a transaction or other fee received from an actual or prospective Portfolio Investment that we in our sole discretion agree to pay to a third party, such as a consultant, advisor, Senior Advisor (which, as discussed in further detail in Item 11 below, are consultants who generally have established industry and/or regional expertise and are available to assist us with transaction sourcing, due diligence, valuation, structuring, consulting and similar matters), finder, broker and/or investment bank (as the third-party fee is not a fee that we are entitled to retain);
- any profits interests or other compensation or amounts payable by a Portfolio Investment or a Global Vehicle to an affiliate of ours (including former Senior Advisors) pursuant to an arrangement that was entered into prior to such person becoming an affiliate of TPG;
- any underwriting, private placement, arranging or similar broker-dealer fees, discounts or commissions payable to TPG Capital BD, LLC (“TPG BD”), our broker-dealer affiliate (as described below – see “*Item 5 – Fees Received by TPG Capital BD, LLC*”);
- any amounts paid by a former Portfolio Investment, such as directors’ fees a former Portfolio Investment pays one of our professionals who remains on the Portfolio Investment’s board of directors following the Global Vehicle’s disposition of the investment;
- the portion of any fee allocable to a co-investor, co-venturer or other Global Vehicles (even if it is received by a Global Vehicle or any of its affiliates);
- reimbursement payments from Portfolio Investments and/or Global Vehicles for Specialized Operational Services (as described below – see “*Item 11 – Providers of Specialized Operational Services to Portfolio Investments*”);
- reimbursement payments from Global Vehicles in respect of in-house services (as described below); and
- any amounts paid by a platform company to its management team (as described below – see “*Item 11 – Platform Companies*”).

In addition, we, or our employees on our behalf, have received, and expect in the future to receive, stock of certain Portfolio Investments as a fee for Related Services due to the service of our employees on the boards of such Portfolio Investments. Although such fees may be subject to offset as described above, the recipients (including us) of such stock generally will be able to determine the timing of the stock’s disposition, which creates in certain circumstances a conflict of interest between us, as an adviser to the Global Vehicle, and our related persons, on the one hand, and the Global Vehicle, on the other.

We and our affiliates also engage and retain Senior Advisors, advisors, consultants and other similar professionals as independent contractors who, from time to time, receive payments from, or allocations with respect to, Portfolio Investments, Global Vehicles and/or other entities. In such circumstances, such amounts generally will not be deemed paid to or received by us and our affiliates and such amounts will not be subject to the sharing and/or offset arrangements described



above. We describe these relationships further below. See “*Item 11 – Conflicts Relating to Activities and Compensation of TPG Operations Professionals*,” “*Item 11 – Conflicts Relating to Activities and Compensation of Senior Advisors*” and “*Item 11 – Activities and Compensation of Other Third Parties*.”

Receiving amounts that do not offset the advisory fees gives us an incentive to maximize such amounts and to cause Global Vehicles to make investments that could generate such amounts even if we otherwise would not have caused Global Vehicles to make such investments in their absence.

*Certain In-House Services.* Certain Global Vehicles pay or reimburse us for the fees, costs and other expenses related to certain legal, regulatory, tax, accounting, information technology and similar services (including all fees, costs and other expenses relating to the implementation of, and compliance with, legal, regulatory, environmental, social, governance and other similar standards applicable to the Global Vehicle, its investments and potential investments, which we refer to as “Portfolio Compliance”) provided by us or an affiliate to or for the benefit of the Global Vehicle (including an allocable portion of personnel and related overhead expenses) if certain conditions are met, which generally include:

- the fees, costs and other expenses of these services would be paid by the Global Vehicle if the services were provided by third-party service providers;
- we reasonably believe it is in the Global Vehicle’s best interests to have in-house personnel perform such services; and
- the costs of providing such services in-house are less than the amount that would be charged by a third party in an arm’s-length transaction.

The amount of fees, costs and expenses of in-house services that a Global Vehicle bears on an annual basis will typically be subject to a cap.

Occasionally, whether a service meets the criteria for reimbursement from a Global Vehicle is not clear. In such circumstances, we will determine in our sole discretion whether reimbursement is appropriate.

From time to time, our in-house professionals work alongside third-party service providers on the same matter or engagement. When this occurs, although a third party is also engaged on the matter, a Global Vehicle may still reimburse us for the work performed in house to the extent we determine that the in-house work meets the criteria for reimbursement.

We have developed processes to monitor the allocation of expenses relating to in-house services with respect to certain Global Vehicles. A monthly time allocation is prepared for each individual service provider (e.g., TPG employee or other affiliate) to reflect the services he or she provided to Global Vehicles or us or TPG Management Companies, as applicable. Senior professionals in the relevant service group and our legal or compliance professionals review the allocations on a quarterly basis for reasonableness. We determine the monetary value of services performed by a TPG employee providing in-house services by reference to the aggregate annual compensation paid to the employee (including benefits, profits interests, equity interests or other incentive-based

compensation), plus an estimate of the overhead and other fixed costs allocable to the employee, and the amount of time spent by the employee providing the in-house services. Our internal compensation team adjusts recorded time as necessary, and we review the assigned monetary value against third-party benchmarks on a regular (typically annual) basis. The cost of researching third-party benchmarks is shared among the Global Vehicles that bear expenses relating to in-house services. For time allocated to a Global Vehicle, it bears the lesser of the third-party benchmark and the actual in-house service cost. Because our in-house expense allocation process relies on certain judgments and assessments that in turn are based on information and estimates from various individuals, the allocations that result may not be exact. In the future, we may use additional or different methods to allocate in-house expenses.

*Fees Received by TPG Capital BD, LLC.* Our affiliate TPG BD is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority (“FINRA”). TPG BD

- places securities and instruments issued by
  - certain private investment funds that we and our related entities manage individually or through our principals; and
  - other entities not related to us or our related entities;
- participates in the syndication of opportunities to co-invest in Portfolio Investment alongside certain Global Vehicles and third parties;
- participates in underwriting syndicates and/or selling groups with respect to securities and instruments issued by Portfolio Investments of a Global Vehicle (whether in primary or secondary offerings);
- acts as arranger (or in a similar capacity) with respect to loans or lines of credit to Global Vehicles, Portfolio Investments of Global Vehicles and third-party borrowers (or in respect of similar debt instruments), placing or arranging for the placement of such instruments;
- entered into an Equity Distribution Agreement, dated March 7, 2019, with TRTX and certain other sales agents relating to the issuance and sale of shares of TRTX common stock through the sales agents;
- in some cases, will act as a broker in transactions on behalf of Global Vehicles; and
- provides advisory and structuring services to Global Vehicles and their Portfolio Investments, including in respect of secondary offerings, block trades or other structured acquisitions or dispositions of securities or related derivatives.

TPG BD from time to time acts as the sole, lead or managing financial institution in these transactions when consistent with its authorization as a registered broker-dealer.

In connection with its involvement in the public or private placement of securities or instruments issued by Portfolio Investments of Global Vehicles, TPG BD may directly or as part of an

underwriting syndicate purchase from such Portfolio Investments the securities or instruments issued.

TPG BD and other affiliates of ours receive fees, commissions and other compensation in respect of the activities described above. While we believe such fees, commissions and other compensation are reasonable and generally charged at market rates for the relevant activities, such compensation may not in each case be negotiated at arm's length and from time to time may be in excess of fees, commissions or other compensation that may be charged by an unaffiliated third party. Global Vehicles generally will not have the right to share in, or have advisory fee offsets for, any compensation received by TPG BD. TPG BD will only serve as a broker-dealer in a transaction for a Global Vehicle or its Portfolio Investment if we determine it is consistent with our fiduciary duties.

TPG BD's business continues to evolve and expand. It is possible that TPG BD would earn fees for engaging in other transactions that relate to a Global Vehicle or its Portfolio Investments. For example, TPG BD could place interests in vehicles formed for the purpose of making co-investments or exercising our rights or discharging our obligations under Governing Documents.

When TPG BD acts as the placement agent for a Global Vehicle in respect of securities or instruments issued by the Global Vehicle, no commission or other compensation is received by TPG BD from such Global Vehicle or their investors for such service.

For a description of material conflicts of interest created by our relationships with TPG BD, please see Item 11 below.

*Leveraged Procurement.* Additionally, certain Portfolio Investments of Global Vehicles are also, or have been, counterparties or participants in agreements, transactions or other arrangements that involve payments, discounts, reimbursements or other benefits to us or our affiliates. For example, we afford certain Portfolio Investments the option to participate in a program with us, our affiliates and other Portfolio Investments pursuant to which one of our affiliates negotiates favorable procurement arrangements. We and our affiliates, together with participating Portfolio Investments, receive the favorable procurement terms, which we are able to secure due in part to the involvement of our Portfolio Investments. This program is a Specialized Operational Service provided to participating Portfolio Investments, and therefore our affiliates receive reimbursements designed to cover some or all of the cost of administering the program through the method described in "*Item 11 – Providers of Specialized Operational Services to Portfolio Investments*" and such reimbursements are not subject to advisory fee offsets or otherwise shared with the Global Vehicles. Because the cost of administering this program is shared among our affiliates and the participating Portfolio Investments, we may disproportionately benefit from it by utilizing the favorable procurement arrangements to a greater degree than any of the participating Portfolio Investments and as a result of not all of the Portfolio Investments availing themselves of the benefits.

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

The Funds (other than TPEP Vehicles and REITs) generally allocate a portion of their investment profits to their general partners, which are affiliated with us, as a carried interest, as set forth in

each Fund's Governing Documents. The TPEP Vehicles generally allocate a portion of their investment profits to their general partners as a performance allocation, as set forth in each TPEP Vehicle's Governing Documents. REITs generally allocate a portion of their excess cash flow above a hurdle rate to us as an incentive fee in accordance with the relevant Governing Documents. Co-Investment Vehicles also, in some cases, allocate a portion of their investment profits to their general partners, which are affiliated with us, as a carried interest, as set forth in the relevant organizational documents for each Co-Investment Vehicle.

There is a reduced allocation or no allocation of carried interest, performance allocation or excess cash flow, as applicable, with respect to certain investors in certain Funds, including, for example, the Fund's general partner, its affiliates and certain "friends of the firm."

The allocation of carried interest, performance allocation or excess cash flow, as applicable, at different rates, or (as applicable to certain other Global Vehicles) subject to different hurdle rates, creates an incentive for us or our affiliates to disproportionately allocate time, services or functions to Global Advisees allocating carried interest, performance allocation or excess cash flow at a higher rate (or, as applicable to certain other Global Vehicles, subject to a lower hurdle rate), or to allocate investment opportunities to such Global Vehicles. We have adopted policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that we believe is consistent with the relevant Governing Documents and otherwise fair and reasonable under the circumstances, considering such factors as we deem relevant, but in our sole discretion.

Since the amount of carried interest, performance allocation or excess cash flow allocable to a Global Vehicle's general partner depends on the Global Vehicle's performance, we have an incentive to take risks in managing the Global Vehicles that we would not otherwise take in the absence of such arrangements. We also have an incentive to dispose of a Global Vehicle's investments at a time and in a sequence that would generate the highest performance allocation, even if it would not be in the Global Vehicle's interest to dispose of the investments in that manner. In addition, tax reform enacted in 2017 in the United States (see "*Item 8 — Methods of Analysis, Investment Strategies and Risk of Loss — Material Risks of Significant Investment Strategies — Tax Considerations*") has generally increased, to three years, the holding period required in order for professionals to treat their performance allocations as capital gain. This creates an incentive for us to hold a Global Vehicle's investments for longer periods in order for the gain from their dispositions to qualify for capital gain treatment under the carried interest rules, even if it would be in the Fund's interest to hold the investments for shorter periods. See Item 11 below for additional information relating to how we generally address conflicts of interest.

## **ITEM 7 – TYPES OF CLIENTS**

See "*Item 4 – Advisory Business.*"

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

For the purposes of this Item 8, "we," "us" and "our" shall include the applicable TPG Management Company, except where context otherwise requires.

### ***Methods of Analysis and Investment Strategy – Private Equity***

We primarily seek to make significant investments in operating companies through acquisitions and financings. In evaluating a potential Portfolio Investment, we conduct extensive due diligence to analyze, among other things, the company's

- market and competitive position within that market;
- cost and revenue structures;
- unique assets, such as brand strength, distribution capability and intellectual property;
- management team and compensation structure;
- key downside risks;
- contingent liabilities (environmental, regulatory, accounting or otherwise);
- sustainability and other environmental, social and governance considerations;
- potential growth opportunities; and
- potential exit strategies.

We employ a worldwide network and an integrated investment process. We seek to establish a comprehensive view of key investment issues, including operations, competitors and regulatory constraints, across geographies. Funds are integrated through a centralized investment review process, from sourcing through portfolio management.

In each Fund, we generally seek to build a portfolio that is diversified with respect to transaction type, geographical exposure (as distinct from “domicile”) and sector. We also generally seek to maintain investment balance across industries that we believe are stable or otherwise attractive and industries with attractive long-term secular growth trends. We aim to identify “second derivative” correlations to avoid overweighting to single macroeconomic factors that typically affect different industries and geographies. We also source and present to investors in certain Funds investment opportunities tailored to meet pre-determined investment strategies, and such opportunities may be pursued through a one-investor Fund that represents a separately managed account for such investor. Such strategies include making investments with shorter durations and different targeted returns than those found in traditional private equity funds. Investments in Funds that represent separately managed account arrangements are made on a discretionary basis, and such investments may or may not be made alongside other Funds.

We seek to identify operational enhancements during due diligence and to add value to Portfolio Investments following an acquisition. We utilize creative operational and financial strategies throughout the Portfolio Investments' evolution. We and our affiliates employ a group of operating professionals with significant career experience and deep sector expertise. We and our affiliates also employ a group of professionals with highly focused functional specializations.

We have a dedicated TPG operations team with the mission of driving shareholder value creation by engaging throughout the lifecycle of an investment, from the investment due diligence phase through exit. Following investment, the TPG operations team helps identify and execute on revenue growth, operational effectiveness and profit enhancement initiatives. The scope of this group's activities is summarized as follows:

- support the due diligence process by providing sector insights and expertise that informs transaction underwriting and identifying opportunities for operational improvement post-investment;
- support human capital initiatives by enhancing management teams and boards;
- drive the value creation planning process through active engagement with management teams;
- provide business performance oversight; and
- serve as interim executives, when necessary.

#### ***Methods of Analysis and Investment Strategy – Private Equity (Asia)***

In Asia, we focus on sourcing assets in select sectors and markets. We aim to invest in deals we expect will benefit from regional growth trends and leverage our operations capabilities by seeking to acquire or upgrade talent and drive operational change. We seek to create a diversified portfolio across Asian geographies, sectors, control profiles and deal types. We apply a thematic approach to investing, pursuing what we believe to be the most attractive risk-adjusted investment opportunities available.

We seek geographic diversification to help mitigate country-specific risk. We believe the ability to maintain flexibility is important given the geographically expansive region and the variation in the maturities of the economies. As a pan-Asian investor, we invest in both developed and developing countries, which yield different investment opportunities from traditional leveraged buyouts to growth equity. We emphasize control-oriented investments and implement various types of deal structures according to what we deem most appropriate for the market and opportunity and believe that gaining influence (particularly in minority investments) requires creativity, an understanding of local regulatory and political restrictions, credibility as a partner and local relationships.

#### ***Methods of Analysis and Investment Strategy – Private Equity (Growth)***

Our Growth investment team focuses on growth equity and control growth buyout investment opportunities, leveraging TPG's substantial institutional resources to contribute to thematic insight, sourcing and investment diligence with the aim of enhancing investment returns.

We pursue investments in three main categories:

1. proactive sector- or geography-based themes that are consistent with our accumulated expertise and views on the market;

2. companies in which our platform capabilities and portfolio create differentiated investing views; and
3. middle-market opportunities in which we can buy at attractive valuations and improve the business post-closing with the aim of generating strong risk-adjusted returns.

Our growth investments are often sourced directly through our broader platform, including our network of portfolio companies and relationships. We seek opportunities in which our investing platform or expertise creates differentiated investment opportunities and unique insights that inform the investment thesis and transaction underwriting – what we refer to internally as the “TPG angle.”

We source and invest across the globe, in a variety of sectors. We primarily make growth equity and control growth buyout investments and will consider select investments in early-stage opportunities. We seek to diversify Funds by industry and to optimize the capital structure of our portfolio companies to enhance equity returns, using leverage in select situations.

### ***Methods of Analysis and Investment Strategy – Private Equity (Rise)***

The Rise Fund invests primarily in growth equity, control growth buyout and venture capital opportunities that have positive social and environmental impact inherent in their core strategy. The Rise Fund represents a paradigm shift, investing at scale to pursue both competitive financial returns and measurable societal benefits. The Rise Fund seeks to harness the diverse skills of a unique group of stakeholders: TPG’s growth equity and control growth buyout platform (TPG Growth), an advisory board comprising global thought leaders supporting conscious capitalism (the “Rise Founders’ Board”) and strategic partners. With these complementary perspectives, the Rise Fund thematically expects to select businesses producing goods or services that help address significant societal challenges such as those identified by the United Nations Sustainable Development Goals. Additionally, the Rise Fund has developed a rigorous impact assessment methodology to inform its decisions throughout the investment process.

Similar to TPG Growth, the Rise Fund pursues investments in three main categories:

1. proactive sector, geography or impact- based themes that are consistent with our accumulated expertise and views on the market;
2. companies in which our platform capabilities and portfolio create differentiated investing views; and
3. growth equity, control growth buyout and venture capital opportunities in which we can buy at attractive valuations and improve the business post-closing with the aim of generating strong risk-adjusted returns and positive social or environmental impact.

Our Rise investments are often sourced directly through our broader platform, including our network of portfolio companies and relationships, as well as the Rise Founders’ Board. We seek opportunities in which we believe our investing platform or expertise creates differentiated investment opportunities and unique insights that inform the investment thesis and transaction underwriting — what we refer to internally as the “TPG angle.”

### ***Methods of Analysis and Investment Strategy – Private Equity (TPG Tech Adjacencies)***

TPG Tech Adjacencies (“TTAD”) is the primary investment vehicle for TPG’s equity investments in companies operating in the internet, digital media, software and technology services sectors that do not fit within the mandates of any current TPG fund.

Over the past decade, as technology companies stay private for longer and much of a company’s equity value creation is now taking place in the private markets as opposed to the public markets, there has been the creation of a new asset class of investment opportunities that few traditional players have mandates to pursue. TTAD provides the flexible source of capital that is well positioned to pursue these opportunities while benefiting from the thematic insight, sourcing capabilities and investment diligence of TPG’s substantial institutional resources.

### ***Methods of Analysis and Investment Strategy – Private Equity (TPG Digital Media)***

TPG Digital Media is a TPG platform making acquisitions across several digital media sectors. TPG Digital Media has a long-term and control-oriented mandate and looks to take a “buy and build” approach with its assets. We typically begin with a foundational investment in a given vertical. As a holding company, our design facilitates ongoing investment behind that asset and its underlying thesis.

### ***Methods of Analysis and Investment Strategy – Private Equity (Energy Solutions)***

TPG Energy Solutions (“TES”) is an oil and gas (“O&G”) focused fund making investments in securities expected to provide downside protection and equity upside. TES makes primarily structured investments, including investments in private companies, private investments in public equity, asset-level investments and other directly placed securities, in U.S. O&G companies, with a primary focus on the midstream and upstream sectors. TES’s focus is informed by the ongoing need for external capital in those segments to fund capital projects and a view on valuation for these sectors relative to fundamentals.

### ***Methods of Analysis and Investment Strategy – Private Equity (Biotechnology)***

We invest in early- and late-stage venture capital companies in the biotechnology and related life sciences industries, as well as having selective exposure to growth equity, later-stage buyout and structured finance pharma opportunities through co-investing with the broader TPG healthcare ecosystem focusing on those companies that specialize in therapeutics, healthcare services, medical technologies and emerging opportunities that may arise as a result of shifts in market trends.

We seek to source investment opportunities through relationships with the academic community, executives and scientists in the pharmaceutical and biotechnology industries, other venture capital firms, our global platform and a network of entrepreneurs and executives.



### ***Methods of Analysis and Investment Strategy – Private Equity (TPG ART)***

TPG Alternative and Renewable Technologies, L.P. (“TPG ART”) is a growth and late-stage venture fund, focused on investing globally in companies focused on industrials, energy services and agriculture, where sustainability and efficiency can create meaningful business advantage.

Historically, much of the alternative and renewable technology investing has focused either on very early-stage venture-type technology investing or later-stage project finance, with less capital available to address deployment and “first build” risk. To date, much of the technology has originated in the United States or European Union and has targeted deployment within those regions, even though other regions, such as developing markets, might be more suitable for economic, geographic or regulatory reasons. TPG ART believes that this dynamic creates opportunities to identify good technologies and fund them through the company development lifecycle, help expand their geographic reach as well as to identify mid- to later-stage opportunities that have “stalled” prior to deployment.

### ***Methods of Analysis and Investment Strategy – TPG Real Estate Advisors***

We primarily pursue a strategy focused on investments in property-rich platforms and real estate portfolios. In the future, we may pursue other real estate-related strategies as well.

Through our theme-based approach and proactive sourcing of potential investment opportunities, we seek to capitalize on situations where we believe we can achieve attractive acquisition bases and drive value creation during our ownership. We seek investments with the following characteristics with a view to downside protection and upside potential:

- a research and data-driven approach to theme generation and investment sourcing, with the objective of executing on investment strategies around which we have developed conviction;
- a value-added ownership model whereby – in conjunction with management teams – we believe we can create value at the property, portfolio, and platform levels; and
- investments with certain “cash-on-cash” yield profiles (utilizing leverage when we believe is prudent) that we believe facilitates total returns and mitigates risk.

### ***Methods of Analysis and Investment Strategies – RE Finance Trust Management***

The loans TRTX targets for origination and investment typically have the following characteristics:

- Unpaid principal balance greater than \$50 million;
- Stabilized as-is loan-to-value of less than 80% with respect to individual properties;
- Floating rate loans tied to the one-month U.S. dollar-denominated London Interbank Offered Rate (or “LIBOR”) and spreads of 250 to 400 basis points over LIBOR;

- Secured by properties that are:
  - primarily in the office, multifamily, mixed-use, industrial, retail and hospitality real estate sectors;
  - expected to reach stabilization within 24 months of the origination or acquisition date; and
  - located in primary and select secondary markets in the United States with multiple demand drivers, such as growth in employment and household formation, medical infrastructure, universities, convention centers and attractive cultural and lifestyle amenities; and
- Well-capitalized sponsors with substantial experience in particular real estate sectors and geographic markets.

We believe that TRTX's current investment strategy provides significant opportunities to its stockholders for attractive risk-adjusted returns over time. However, to capitalize on the investment opportunities at different points in the economic and real estate investment cycle, TRTX may modify or expand its investment strategy. We believe that the flexibility of TRTX's strategy supported by our significant commercial real estate experience and the extensive resources of TPG and its real estate platform will allow TRTX to take advantage of changing market conditions to maximize risk-adjusted returns to its stockholders.

TRTX invests primarily in commercial mortgage loans and other commercial real estate-related debt instruments, including the following:

- ***Commercial Mortgage Loans.*** TRTX focuses on directly originating and selectively acquiring first mortgage loans. These loans are secured by a first mortgage lien on a commercial property, may vary in duration, predominantly bear interest at a floating rate, may provide for regularly scheduled principal amortization and typically require a balloon payment of principal at maturity. These investments may encompass a whole commercial mortgage loan or may include a *pari passu* participation within a commercial mortgage loan.
- ***Other Commercial Real Estate-Related Debt Instruments.*** From time to time TRTX opportunistically originates and selectively acquires other commercial real estate-related debt instruments, subject to maintaining its qualification as a REIT for U.S. federal income tax purposes and exclusion or exemption from regulation under the Investment Company Act, including subordinate mortgage interests, mezzanine loans, secured real estate securities, note financing, preferred equity and miscellaneous debt instruments. TRTX currently invests in short-term, primarily investment grade commercial real estate collateralized loan obligations and commercial mortgage-backed securities (which we refer to collectively as "CRE debt securities").

As market conditions evolve over time, we expect TRTX to adapt as appropriate. We believe TRTX's current investment strategy produces significant opportunities to make investments with

attractive risk-return profiles. However, to capitalize on the investment opportunities that arise at various other points of an economic cycle, we may expand or change TRTX's investment strategy by targeting assets with debt characteristics, such as subordinate mortgage loans, mezzanine loans, preferred equity, real estate securities and note financings. TRTX may also target assets with equity characteristics, or forms of direct equity ownership of commercial real estate properties, subject to any applicable duties to offer to Global Vehicles.

We believe that the diversification of TRTX's investment portfolio, TRTX's ability to actively manage those investments, and the flexibility of TRTX's strategy positions it to generate attractive returns for its stockholders in a variety of market conditions over the long term.

### ***Methods of Analysis and Investment Strategy – TPG PEP Advisors***

We employ a private equity approach to public market investing, which means that our team takes a long-term, fundamentally oriented perspective to evaluating investments. We seek to generate superior risk-adjusted returns on an absolute basis through proprietary, deep, bottom-up research, aimed at developing variant perceptions relative to consensus thinking.

The TPEP Vehicles have a broad mandate to invest in publicly traded equities globally across all sectors and market capitalizations. This broad mandate enables us to take an opportunistic approach to investing. At the same time, our team seeks to maintain a disciplined research process and only invests when we are able to gain conviction in an investment and appropriately analyze the risk/reward.

On the long side of the portfolio, we seek to invest in businesses that are trading at a substantial discount to our estimate of intrinsic value. Long positions are generally evaluated based on a company's competitive positioning, management quality, growth prospects, returns on capital and cash flow characteristics. While the approach is flexible, the common thread among our long positions is a variant view versus consensus thinking. On the short side, our team seeks to profit from selling shares when it believes that trading values overestimate the true earnings power of the company. Short positions are expected to be largely single stock absolute return shorts and are evaluated on the same merits as long positions, but from the opposite perspective. Inept management teams, low barriers to entry, lack of pricing power, weak balance sheets, low or declining returns on capital and poor cash flow characteristics are all attributes of attractive shorts.

Risk management starts at the position level. Our focus, first and foremost, is on capital preservation and assessing the margin of safety in prospective investments. We view risk as potential for permanent impairment of capital and not the volatility of a security. We manage risk through extensive fundamental analysis and disciplined portfolio construction with a re-allocation of capital to the best risk/reward scenarios. We may selectively utilize hedging instruments such as foreign currency exchange contracts, options, index futures, swap agreements and commodity derivatives to manage risk.

### **Material Risks of Significant Investment Strategies**

The investment strategies described above, and other strategies that Global Vehicles (excluding, for purposes of this section, TPEP Vehicles and REITs) pursue, involve a substantial degree of risk, and the Global Vehicles may lose all or a substantial portion of the value of their investments.

Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Global Vehicle's Governing Documents and/or offering documents, and our representatives are available to discuss with potential investors the risks involved in the strategies a Global Vehicle pursues. Such material risks include those set forth below.

While the following discusses the risks as they relate to the "Funds," Co-Investment Vehicles will be subject to some or all of the following risks, depending on the risks associated with the applicable transaction or investment strategy. To the extent certain Co-Investment Vehicles pursue investments or strategies that are not pursued by the Funds, such Co-Investment Vehicles will likely be subject to additional risks, as described in their respective offering documents.

*Market Conditions and Financial Market Fluctuations.* Market and economic conditions throughout the world materially affect a Fund's investments. These conditions include:

- interest rates;
- availability and terms of credit;
- credit defaults;
- inflation rates;
- economic uncertainty;
- changes in laws (including laws relating to taxation of a Fund's investments);
- regulatory interventions and changes in regulations;
- changes in fiscal and monetary policies;
- trade barriers;
- commodity prices;
- currency exchange rates and controls; and
- national and international political, environmental and socioeconomic circumstances, including the risks of war and the effects of terrorist attacks.

Difficult market conditions also adversely affect a Fund and its returns by reducing the value or performance of its investments or by reducing its ability to raise or deploy capital.

Instability in the securities markets and economic conditions generally also increase the risks inherent in the Funds' investments. For example, volatile market conditions can lead to significantly diminished availability of credit and an increase in the cost of fundraising, which can materially hinder the initiation of leveraged transactions. In addition, the ability to realize

investments depends not only on Portfolio Investments and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations.

As a result of the foregoing, we may not be capable of, or successful at, preserving the value of Fund assets, generating positive investment returns or effectively managing Fund risks.

*Coronavirus Outbreak.* The global outbreak of the 2019 novel coronavirus (“COVID-19”) and the measures governmental agencies and the private sector have taken to contain it, including business closures, limitations on public gatherings, travel restrictions and quarantines, have significantly disrupted the global economy and caused severe market dislocation and volatility. While we cannot accurately forecast COVID-19’s ultimate impact at this time, we expect it will have a profound and lasting effect on the Funds, the Funds’ Portfolio Investments and our ability to manage the Funds’ portfolios and pursue new Fund investments. For example, we anticipate the economic and market conditions resulting from the outbreak will materially and adversely affect the operations and financial position of a significant number of the Funds’ Portfolio Investments. In addition, COVID-19 and corresponding containment efforts have impaired and will continue to impair, potentially for an extended period of time, our ability to monitor and manage existing Fund Portfolio Investments as well as source new investments to execute the Funds’ investment strategies. Given the extraordinary nature of COVID-19 and its inherent unpredictability, it may take years to understand the full scope of its ramifications.

*Changes in the Political Environment of the United Kingdom and Europe.* In a referendum held on June 23, 2016, the United Kingdom resolved to leave the European Union, (commonly referred to as “Brexit”). The United Kingdom left the European Union on January 31, 2020 and currently is negotiating its future relationship with the European Union during a transition period scheduled to end on December 31, 2020.

The initial Brexit result has led to political and economic instability and volatility in the financial markets of the United Kingdom and more broadly across Europe. The longer-term economic, legal, political and social framework between the United Kingdom and the European Union remains unclear at this stage, and this uncertainty is likely to lead in turn to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This uncertainty will also likely continue to impact the global economic climate.

*Competition for Investments.* The Funds compete for investment opportunities with individuals, funds and other investment vehicles having similar investment objectives or strategies. Potential competitors include other investment funds, business development companies, publicly traded or non-listed REITs, real estate operating companies, financial institutions (such as mortgage banks and pension funds), sovereign wealth funds, strategic industry acquirers and other financial investors investing directly or through affiliates. Certain of these individuals or entities possess competitive advantages over a Fund, including:

- greater financial, technical, marketing and other resources;
- higher risk tolerances;

- different risk assessments;
- lower return thresholds;
- lower cost of capital;
- access to funding sources unavailable to a Fund; and
- an ability to achieve synergistic cost savings in respect of an investment.

In addition, many private investment funds, real estate investment funds and publicly traded and non-listed REITs have been formed over the past several years, and others have been consolidated or grown substantially in size, for the purpose of investing in real estate assets. These funds are able to call substantial amounts of unused capital commitments, resulting in a significant amount of capital available for investment in such opportunities. Other unrelated parties will likely form in the future additional real estate funds and publicly traded and non-listed REITs with similar investment objectives, and we expect further consolidations to occur, resulting in larger funds and vehicles and further increased competition for the Funds.

The Funds will face significant competition from other developers, owners, and operators of similar properties in the same markets and asset classes. This competition may affect a Portfolio Investment's ability to attract and retain tenants and may reduce the rents such Portfolio Investment is able to charge. Additionally, when a Fund seeks to sell its properties, it will compete with other owners of commercial properties.

*Risks Associated with Publicly Traded Securities; Illiquidity.* From time to time Funds invest in publicly traded securities and hold publicly traded securities following a partial exit from an investment. When investing in public securities, a Fund may be unable to obtain financial covenants or other contractual rights, including management rights, that it might otherwise be able to obtain in making privately negotiated investments. Moreover, a Fund may not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. Furthermore, a Fund would be limited in its ability to make investments, and to sell existing investments, in public securities if we have material, non-public information regarding the issuers of those securities or as a result of other internal policies. The inability to acquire or sell public securities in these circumstances could materially adversely affect the investment results of the Fund. In addition, a Fund may sell a Portfolio Investment to a public company where the consideration received consists (at least in part) of stock of the public company, which may be subject to lock-up periods. Investments in securities of publicly traded companies are sensitive to general movements in the stock market and trends in the overall economy. Moreover, the ability of Portfolio Investments to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

*Potential Lack of Diversification.* While diversification is generally a Fund objective, there is no assurance as to the degree of diversification that a Fund will actually achieve. Because a substantial portion of certain Funds' committed capital could be invested in a single Portfolio Investment, a loss with respect to any single Portfolio Investment could have a significant adverse effect on a

Fund's returns. Co-Investment Vehicles formed for the purpose of pursuing a particular investment strategy or a particular transaction will be particularly exposed to the legal and financial risks associated with that strategy or transaction, as applicable, and generally will not be able to achieve a level of diversification comparable to the Funds. Even if a Fund achieves significant diversification, such diversification would not necessarily provide meaningful risk control, and may reduce a Fund's profit potential.

*Reliance on Our Professionals.* The success of a Fund will depend in large part upon the skill and expertise of our professionals and those of our affiliates. We cannot assure that any individual professional will continue to be associated with a Fund or that replacements will perform well. Our ability to recruit, retain and motivate qualified investment professionals is dependent in part on our ability to offer attractive incentive opportunities. There is competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment professionals. Should any of our professionals join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of a Fund, its performance could be adversely affected. Tax reform enacted in 2017 in the United States has increased the holding period required in order for professionals to treat carried interest as capital gain, which may increase the amount of taxes such professionals would be required to pay with respect to their carried interest. If additional, broader legislation were to be enacted to treat carried interest as ordinary income rather than a capital gain, the amount of taxes that our professionals would be required to pay with respect to their carried interest would materially increase, thereby adversely affecting our ability to offer attractive incentive opportunities.

*Reliance on Third Parties.* Our investment strategies in certain investments depend on our ability to enter into relationships with established and sophisticated joint venture partners or other third parties. For example, Funds generally expect to invest through partnerships, joint ventures or other entities alongside one or more third parties as a co-venturer, which may include the seller of a property, a person involved in the selling or acquisition of a property, a limited partner in a Fund (or other vehicle that we control) or other third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that:

- a Fund and a co-venturer may reach an impasse on a major decision that requires the approval of both parties;
- a co-venturer may at any time have economic or business interests or goals that are inconsistent with those of a Fund;
- a co-venturer may encounter liquidity or insolvency issues or may become bankrupt;
- a co-venturer may be in a position to take action contrary to a Fund's investment objective;
- a co-venturer may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or
- in certain circumstances a Fund may be liable for actions of a co-venturer.

To the extent that a co-venturer is able to significantly influence the affairs of the companies or assets in which a Fund invests, such Fund will be required to rely upon the abilities and management expertise of such co-venturer.

There can be no assurance that our current relationship with any such person will continue with respect to a particular Fund or that we will establish in the future any relationship with other such persons on terms favorable to a Fund.

*Reliance on the Management of Portfolio Investments.* Although we intend to ensure that a Fund enters into joint ventures with skilled partners and invests in Portfolio Investments that have strong management teams and/or to assist in enhancing management teams, there can be no assurance that any joint venture partner, existing management team, successor or other third party will be able to operate successfully. With respect to emerging platforms, we may have limited ability to evaluate their management based on past performance, and such platforms may rely more on individual members of the management team than more established companies do. In addition, instances of fraud, other deceptive practices and/or other misconduct committed by joint venture partners, management teams of Portfolio Investments or other third parties upon which we rely may undermine our due diligence efforts with respect to such investments or otherwise adversely affect the operations of a Portfolio Investment. If such fraud, other deceptive practices and/or other misconduct is discovered, it could adversely affect the valuation of a Fund's investments.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by our employees, Portfolio Investment officers or employees, service providers to the foregoing and/or their respective affiliates could cause significant losses to a Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Fund. We have controls and procedures through which we seek to minimize the risk of such misconduct occurring. However, no assurances can be given that we will be able to identify or prevent such misconduct.

*Extensive Government Regulation.* The extensive government regulation of certain industries in which certain Funds invest creates additional uncertainty and risks for the Fund. Certain investments may require regulatory approval to consummate (for example, antitrust-related approval), and the failure to obtain such approvals may prevent the Fund from consummating the applicable investments. Obtaining regulatory approval is often a lengthy and expensive process with an uncertain outcome. Portfolio Investments may be unable to obtain necessary regulatory approvals on a timely basis, if at all, which could materially and adversely affect their performance.

*Tax Considerations.* We expect the Funds to be subject to income and/or withholding taxes and/or tax return filing obligations in various jurisdictions in which they conduct investment activities. The rate of any withholding taxes and the creditability of such taxes typically depend in part on the facts and circumstances relating to the particular investment and generally would differ for each investment. The Funds may invest in jurisdictions in which the tax treatment of the Funds



and their activities is uncertain or subject to changing interpretations (including retroactively) or enforcement practices. The Funds will take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. In particular, there are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes the Tax Act made to the Code and any further changes in tax laws or interpretation of such laws may be adverse to the Funds.

*Increased Regulatory Oversight.* The financial services industry generally, and the activities of private investment funds and their managers, in particular, have in recent years been subject to intense regulatory oversight. As a result of such oversight, we anticipate that, in the normal course of business, our officers will have contact with governmental authorities and/or need to respond to inquiries or examinations and/or implement new, or enhance existing, policies and procedures. We would also expect the Funds to be subject to regulatory inquiries concerning their securities positions and trading.

The passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Pursuant to the Dodd-Frank Act, the SEC adopted rules that require reporting by registered investment advisers to private funds, which have added costs to our legal, operations and compliance obligations, and those of the Funds and their general partners, and have increased the amount of time that we spend on non-investment-related activities.

The Dodd-Frank Act currently affects a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, broker-dealers, futures commission merchants and swap dealers. It is difficult to predict the future of the Dodd-Frank Act or to anticipate the effect of these and other regulatory changes on a Fund and its general partner, and such continued uncertainty may increase volatility, making it increasingly difficult for us to execute the investment strategy of a Fund.

In addition, on August 25, 2015, the U.S. Treasury Department’s Financial Crimes Enforcement Network released a notice of proposed rulemaking that would impose anti-money laundering compliance obligations on registered investment advisers. These proposed rules (or other rules that may be proposed in the future) may further increase our compliance obligations and related costs, require us to obtain certain information or representations from investors and increase the amount of time we spend on non-investment-related activities.

Moreover, the European Union’s Directive 2011/61/EU on Alternative Investment Fund Managers (the “AIFMD”) came into effect on July 22, 2013, and harmonizes the regulation of alternative investment fund managers (“AIFMs”) that are based in the European Economic Area (“EEA”) or that market interests in an alternative investment fund (“AIF”) to investors registered in or with a registered office in the EEA (“EEA Investors”). The AIFMD will typically apply to the management company of a Fund to the extent limited partner interests are marketed (within the meaning of the AIFMD as implemented in the relevant Member States of the EEA) to EEA

Investors. The AIFMD may have an adverse impact on the marketing of limited partner interests to EEA Investors and the operation of a Fund.

The AIFMD, as implemented in the relevant Member States of the EEA, allows non-EEA AIFMs to market AIF interests to professional investors within the meaning of the AIFMD (“Professional Investors”) under private placement regimes (“PPRs”). However, PPRs are not available in certain EEA Member States. In addition, the PPR of a particular EEA Member State may impose certain filing or registration requirements to be satisfied prior to starting any marketing (within the meaning of the AIFM Directive as implemented in the relevant EEA Member States) in such EEA Member State. In addition, the PPRs typically only allow marketing of AIF interests to EEA Professional Investors, and certain EEA Member States impose the same or stricter conditions on marketing of AIF interests to EEA Investors who do not qualify as EEA Professional Investors, including some high net worth individuals. The conditions applicable to marketing in the EEA under PPRs described above limit a Fund’s ability to attract EEA Investors, which may result in a reduction in the overall amount of capital that a Fund is able to raise, which may affect such Fund’s investment strategy or limit the range of investments that such Fund is able to pursue and make. The need to comply with filing or registration requirements prior to marketing in certain EEA Member States may delay the fundraising process, thereby reducing the speed with which we can deploy the capital raised.

In addition, marketing under PPRs is subject to compliance with certain requirements and restrictions under the AIFMD, including:

- providing certain mandatory pre-investment disclosures to investors;
- preparing an AIFMD compliant annual report;
- making certain filings and reporting to regulators in the relevant EEA Member States;
- making certain notifications and disclosures where a Fund acquires or disposes of shares in EEA companies; and
- certain limitations on a Fund’s ability to “asset strip” or recapitalize, refinance, or potentially restructure an EEA company in which a Fund acquires control (whether individually or jointly with a third party).

PPRs are not uniform, and certain EEA Member States impose specific requirements and restrictions in addition to those set out by the AIFMD and above (such as, for example, the requirement to appoint a depositary). Compliance with such requirements will result in a Fund incurring additional costs and expenses or may otherwise adversely affect the management and operation of such Fund and its investments.

There remains some uncertainty as to the manner in and extent to which the AIFMD is being implemented in various EEA Member States and how such EEA Member States interpret the AIFMD. This uncertainty increases the risk that we will fail to comply with the requirements imposed by the AIFMD as implemented in a particular EEA Member State. Our failure to comply may result in a regulatory authority or court in that or another EEA Member State requiring us to

return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against us. This could result in a reduction in the overall amount of capital available to a Fund, thus potentially limiting the range of investments that such Fund is able to pursue and make, or otherwise result in a loss to such Fund.

*Investments in Early-Stage and Late-Stage Companies.* Certain Funds invest in companies that are in a conceptual or early stage of development. These companies are often characterized by short operating histories, new technologies and products, quickly evolving markets and management teams that may have limited experience working together, all of which enhance the difficulty of evaluating these investment opportunities. The management of these companies will need to implement and maintain successful marketing, finance and other operational strategies in order to become and remain successful. Other substantial operational risks to which these companies are subject include uncertain market acceptance of the company's products or services, a high degree of regulatory risk for new or untried and/or untested business models, products and services, high levels of competition among similarly situated companies, lower capitalizations and fewer financial resources and the potential for rapid organizational or strategic change. Any investments in early-stage companies are considered highly speculative and may result in the loss of the Fund's entire investment.

Certain Funds also invest in later-stage companies, which involve different types of risks. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets; these activities by definition involve a significant amount of change and could cause significant issues in sales, manufacturing and general management.

*Nature of Societal Impact Investments.* The focus of certain Funds on positive societal impact investments subjects them to a variety of risks, not all of which can be foreseen or quantified. When evaluating potential investment opportunities for these Funds, in addition to financial return, we will look at an investment's potential to achieve a positive societal impact. As a result, the opportunity set for potential investments will necessarily be smaller than it would otherwise be if we were seeking to make investments solely on the basis of financial returns, and we may forgo opportunities for these Funds that are attractive from a financial perspective if they do not also meet the Funds' societal impact criteria. In addition, although we believe that pursuing positive societal impact does not have to negatively affect an investment's financial returns, and it can even enhance a Portfolio Investment's profitability, it is possible that a company's dual focus on financial returns and positive societal impact may from time to time require it to make decisions that favor one goal at the expense of the other.

Any determination about whether or not a potential investment is expected to produce a positive societal impact will be made in our sole discretion. Although we will be advised by experts and will engage third parties to develop and implement impact assessment methodologies, the determination about what constitutes a positive societal impact is inherently subjective, and what we consider to be societally beneficial may not necessarily reflect the views of all of the relevant Funds' investors. In addition, it is possible that the companies in which we invest are unable to obtain or realize the positive societal impact that they seek to deliver.

*Additional Capital Requirements of Portfolio Investments.* Certain of a Fund's Portfolio Investments, especially those in a development phase, require additional financing to satisfy their working capital requirements or acquisition strategies. Each round of financing (whether from the Fund or other investors) is typically intended to provide a Portfolio Investment with enough capital to reach the next major corporate milestone, and the amount of such additional financing will depend upon the maturity and objectives of the Portfolio Investment. If the funds provided are not sufficient, a Portfolio Investment may have to raise additional capital at a price unfavorable to the existing investors, including the Fund. A Fund also may make additional debt and equity investments or exercise warrants, options or convertible securities it acquired in the initial investment in a Portfolio Investment in order to preserve the Fund's proportionate ownership when a subsequent financing is planned, or to protect the Fund's investment when the Portfolio Investment's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of a Fund or any Portfolio Investment. There can be no assurance that we or the Portfolio Investment will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

*Investments in Junior Securities.* The Funds often invest in companies that have already received one or more rounds of financing. The securities in which a Fund will invest in these instances may be among the most junior in a Portfolio Investment's capital structure and thus subject the Fund to a greater risk of losing all or part of its invested capital. There will often be no collateral to protect a Fund's investment in such securities.

*Uncertainty Regarding Investments.* Although we dedicate substantial time and resources to conduct appropriate due diligence prior to making an investment, the due diligence process is subjective at times and may be undertaken on an expedited basis and/or on the basis of imperfect information in order to take advantage of available investment opportunities. The due diligence process also at times requires us to rely on the limited resources available to us, including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, the due diligence investigation may not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. Our due diligence investigations cannot ensure the success of our investments.

*Interest Rate Risks.* We expect the Funds, both directly and indirectly through Portfolio Investments, to have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect a Fund. For example, an increase in interest rates could increase the debt service burden on a Fund's Portfolio Investments, make it more costly to refinance the debt of a Fund's Portfolio Investments and cause a decrease in value in a Fund's debt investments. Factors that affect market interest rates include:

- inflation;
- slow or stagnant economic growth or recession;
- unemployment;

- money supply and the monetary policies of the Board of Governors of the U.S. Federal Reserve System, the European Central Bank and other monetary system participants;
- the actions of other market participants;
- international disorders; and
- instability in domestic and non-U.S. financial markets.

We expect to periodically experience imbalances in the interest rate sensitivities of a Fund's assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, we may not be able to manage this risk effectively. Failure to manage interest rate risk effectively could adversely affect the Fund's performance.

*Dependence on Patents, Trademarks and Other Intellectual Property.* Certain Fund investments will depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a Portfolio Investment to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a Portfolio Investment's particular product.

*Investments in Restructurings.* Certain Funds invest in restructurings involving Portfolio Investments that are experiencing or are expected to experience financial difficulties. These Portfolio Investments may never overcome these financial difficulties and may become subject to bankruptcy proceedings. Investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences and lender liability and by a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that have the potential to exceed the value of its original investment. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor will have its claims subordinated or disallowed or found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, a bankruptcy court could reclaim a payment to a Fund or a Fund's distributions to its limited partners if the court determines that the payment or distribution is a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy or insolvency laws.

*Non-U.S. Investments.* Funds make investments outside of the United States, including in certain developing foreign markets. Investments in the securities of foreign issuers may be restricted or controlled to varying degrees. These investments require consideration of risks typically not associated with investing in U.S. securities or property, including, among other things:

- trade balances and imbalances and related economic policies;
- potential price volatility in, and relative illiquidity of, some non-U.S. securities markets;

- unfavorable currency exchange rate fluctuations;
- imposition of exchange control regulation by the U.S. or foreign governments;
- U.S., foreign or other withholding taxes;
- limitations on the removal of funds or other assets;
- policies of governments with respect to possible nationalization of their industries; and
- political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. There is generally less publicly available information about foreign companies than would be the case for comparable companies in the United States, and certain foreign companies are not subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Some countries require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular company or restrict investment by foreign persons to a specific class of securities of a company that have less advantageous terms than the classes available for purchase by nationals. Certain countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. Delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as the application to the Fund of restrictions on investments, could adversely affect a Fund. In addition, because a Fund's investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in those currencies.

In addition, a Fund may invest a substantial portion of its assets in real-estate related investments outside of the United States, including in certain developing foreign markets. Non-U.S. real estate-related investments require consideration of risks typically not associated with investing in real estate-related investments in the United States, including risks relating to:

- currency exchange matters, including
  - fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which a Fund's non-U.S. Portfolio Investments are denominated, and
  - costs associated with conversion of investment principal and income from one currency into another and/or the repatriation of capital from such jurisdictions;
- inflation matters, including rapid fluctuations in inflation rates;

- differences between U.S. and non-U.S. real estate markets, including potential price volatility in, and relative illiquidity of, some non-U.S. real estate markets;
- the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and differences in government supervision and regulation;
- certain economic, social and political risks, including
  - potential exchange-control regulations,
  - potential restrictions on non-U.S. investment and repatriation of capital,
  - the risks associated with political, economic or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation, or the imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, and
  - adverse economic and political developments;
- the possible imposition of non-U.S. taxes on income and gains and gross sales or other proceeds recognized with respect to such Portfolio Investments;
- less developed corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties, the protection of investors and the protection of property owners;
- differences in the legal and regulatory environment or enhanced legal and regulatory compliance;
- political hostility to investments by non-U.S. or private equity investors;
- less publicly available information; and

differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters. In addition, investments located in non-U.S. jurisdictions that are involved in restructurings, bankruptcy proceedings and/or reorganizations generally are not subject to laws and regulations similar to the U.S. Bankruptcy Code and the rights of creditors afforded in U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide a Fund with equivalent rights and privileges necessary to promote and protect the Fund's interest in any such proceeding, Portfolio Investments would be adversely affected. We will analyze risks in the applicable non-U.S. countries before making such investments, but there can be no assurance that adverse developments with respect to these risks will not adversely affect the assets of a Fund that are held in certain countries.

*Investments in Developing Market Countries.* Certain Funds make investments in developing market countries. Investments in developing market countries are often subject to more substantial risks in political and macro-economic conditions, such as significant currency fluctuations, changes in governmental controls over the economy and high rates of inflation, and these factors

may have a materially adverse effect on a Fund's investments. Moreover, the economies of developing market countries generally are more heavily dependent upon international trade than developed market countries and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect Fund assets held in particular developing market countries.

Laws and legal standards in many developing market countries differ from those in the United States. The general trend of legislation in certain countries has improved the legal climate for business, including by enhancing somewhat the protection afforded foreign investment. This positive trend in economic legislation, however, may slow, cease or reverse, particularly in the event of a change in leadership, social disruption or other circumstances. In addition, many developing market countries do not have well-developed shareholder rights and provide inadequate legal remedies for breaches of contract (e.g., a shareholder agreement). A Fund's ability to bring suit against a developing market entity in which the Fund invests, or such entity's directors, executive officers or shareholders, may be limited. Such entities are likely organized under the laws of countries other than the United States, their directors and officers likely reside outside of the United States, and substantially all of their assets may be located outside of the United States. As a result, the Fund will likely be unable to effect service of process within the United States upon such entities or their directors and officers. Even where a Fund successfully sues an entity in the United States, enforcement of the judgment in certain jurisdictions may be difficult or impossible. Limited or inadequate legal protection could have a material adverse effect on a Fund's investments.

*Hedging Transactions and Risks; Synthetic Investments.* Certain Funds at times will, but typically will not be required to, employ hedging techniques intended to reduce the risks of certain investments, including, for example, adverse movements in interest rates, asset prices and currency exchange rates. While such transactions reduce certain risks, they entail certain other risks and costs. For example, while a Fund generally will benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, asset prices or currency exchange rates could result in a poorer overall performance for such Fund than if it had not entered into such hedging transactions.

The success of a Fund's hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the Portfolio Investments being hedged. Because the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Fund would generally enter into hedging transactions to seek to reduce risk, it is possible that such transactions would result in a poorer overall performance for a Fund than if it had not engaged in such hedging transactions. In addition, hedging transactions have inherent risks, including the possible default by the counterparty to the transaction and the illiquidity of the instrument a Fund acquires. For a variety of reasons, we at times will not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. We will not hedge against a particular risk when we do not



regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or when we do not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Fund's portfolio holdings. In addition, although such hedging transactions generally hedge economic risks, they are not always effective hedges for tax purposes. For example, the tax character of the gain or loss on the hedging transaction may differ from the character of the gain or loss on the investment, or the timing of the gain or loss for tax purposes may differ between the hedging transaction and the investment. Finally, changes to the regulations applicable to the financial instruments a Fund uses to accomplish its hedging strategy, including the CFTC's current and proposed rules on position limits for derivatives, could limit the effectiveness of that strategy or require more onerous reporting.

With respect to any investments in synthetic instruments, a Fund will have a contractual relationship only with the synthetic instrument counterparty, and no direct rights with respect to the underlying asset. A Fund may not have any voting, information, or other rights of ownership with respect to the underlying asset. In addition, a Fund will be subject to the credit risk of the synthetic instrument counterparty, and, in the event of the insolvency of that counterparty, generally will be treated as a general creditor of that counterparty and will not have any claim of title with respect to the underlying asset.

*Third-Party Involvement.* Funds co-invest from time to time with third parties through joint ventures or other entities. These investments involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor or co-venturer has financial, legal or regulatory difficulties that negatively affect the investment, has economic or business interests or goals that are inconsistent with those of a Fund or is in a position to take (or block) action in a manner contrary to a Fund's investment objectives. In addition, a Fund will in certain circumstances be liable for the actions of its third-party co-investors or co-venturers. In circumstances in which third parties involve a management group, such third parties may receive compensation relating to the investments, including incentive compensation arrangements or fees based on the value of assets managed, that could cause their interests to diverge from those of a Fund.

*Uncertainty of Financial Projections.* We generally establish the capital structure of companies in which a Fund invests on the basis of financial projections for these companies, which in turn are normally based primarily on management judgments. Projections are only estimates of future results that rely upon assumptions made at the time that the projections are developed. There can be no assurance that a Portfolio Investment will achieve its projected results, and actual results can vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

*Controlling Interests and Provision of Managerial Assistance.* Through equity ownership, representation on the board of directors and/or contractual rights (if applicable), a Fund often controls, participates in the management of or otherwise influences substantially the conduct of Portfolio Investments. The designation of our professionals or advisors as directors and the exercise of control over a company imposes additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for

which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, a Fund may suffer a significant loss, exposing the assets of the Fund to claims by a Portfolio Investment, its other security holders, its creditors or governmental agencies, which may exceed the value of the Fund's initial investment in that Portfolio Investment. While we intend to reduce exposure to these risks to the extent practicable, the possibility of successful claims cannot be precluded.

In addition, the provision of managerial assistance to a Portfolio Investment could result in a Fund being characterized as a "trade or business" for purposes of the U.S. Employee Retirement Income Security Act of 1974 ("ERISA") controlled group liability, and, in cases where a Fund has a significant ownership interest (generally 80% or more) in such Portfolio Investment, there is a risk that the Fund and any Portfolio Investment could be subject to controlled group liability under ERISA. This liability generally includes funding obligations to single-employer pension plans and withdrawal liability from union-sponsored multiemployer pension plans. In July 2013, the U.S. Federal Court of Appeals for the First Circuit held that the portfolio company management activities of a private equity fund could cause the fund to be regarded for ERISA controlled group liability purposes as engaging in a "trade or business" (the "2013 Sun Capital Case"). Further, in March 2016, the U.S. District Court for the District of Massachusetts held that affiliated private equity funds investing in the same portfolio company may form a "partnership-in-fact." The District Court found that the affiliated funds forming the de facto partnership would be subject to controlled group liability if the funds together held 80% or more of the portfolio company in question (the "2016 Sun Capital Case"). However, in November 2019, the U.S. Federal Court of Appeals for the First Circuit reversed the U.S. District Court for the District of Massachusetts' finding that a "partnership-in-fact" existed between the affiliated Sun Capital funds, though it indicated that courts might imply a "partnership-in-fact" depending on the relevant facts and circumstances, including control, conduct and structure (together with the 2013 Sun Capital Case and the 2016 Sun Capital Case, the "Sun Capital Cases"). Although the impact of the holdings in the Sun Capital Cases is unclear, the possibility of "trade or business" characterization remains a risk for the Funds and private funds generally, especially in the First Circuit. Furthermore, the ownership interest of a Global Vehicle in some or all of its Portfolio Investments could be sufficient to create a controlled group relationship, especially if the ownership interests, if any, of other Global Vehicles are aggregated when applying the controlled group ownership tests.

*Non-Controlling Investments.* A Fund often holds a minority of the outstanding voting interests of a Portfolio Investment and may hold investments in derivatives, debt instruments or other securities that do not entitle the Fund to voting rights. In these cases, the Fund has a limited ability to protect its investment in such Portfolio Investment. If appropriate given the Fund's ownership stake, the Fund may negotiate representation on the board of directors of a Portfolio Investment or other minority shareholder and supervisory rights to protect the Fund's investment. However, there can be no assurance that these measures will give the Fund the influence it would need to protect its investment. As a result, the Fund will be subject to the risk that a Portfolio Investment it does not control, or in which it does not have a majority ownership position, may make decisions with which it disagrees, and the equity holders and management of such a Portfolio Investment may take risks or otherwise act in ways that are adverse to the Funds' interests. Liquidity constraints could preclude the Fund from disposing of its investments in a timely manner in the event that it disagrees with the actions of such Portfolio Investment, and may therefore suffer a decrease in the value of its investment. In addition, a Fund may make minority equity investments in Portfolio

Investments where there is the possibility that the Portfolio Investments may be controlled or influenced by persons who have economic or business interests or goals or tax or other considerations that differ from or are inconsistent with those of the Fund or its limited partners or may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of the Fund's investment. When taking non-control positions, a Fund will generally seek to obtain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such Portfolio Investments in a manner that maximizes or protects value.

*Availability of Financing.* A Fund's ability to invest in Portfolio Investments often depends on the availability and terms of any borrowings that are required or desirable with respect to such investments. For example, from time to time the market for private investment transactions has been adversely affected by a decrease in the availability of senior or subordinated financings for transactions. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair a Fund's ability to consummate these transactions and would adversely affect the Fund's returns.

*Investments in Operating Turnarounds.* In some cases, the success of a Fund's investment strategy will depend in part on our ability to restructure and improve the operations of a Portfolio Investment. Identifying and implementing restructuring programs and operating improvements at Portfolio Investments entails a high degree of uncertainty, and there can be no assurance that we will be able to successfully do so.

*Sourcing of Investments.* We expect to source a substantial volume of a Fund's investment opportunities through our personnel, relationships and various platforms. To the extent these sourcing channels do not present us with a sufficient volume of investment opportunities, or the opportunities presented are not suitable for investment by a Fund, the Fund's performance will be adversely affected.

*Co-Investment Warehousing.* A Fund from time to time will acquire and temporarily set aside, or "warehouse," a portion of an investment opportunity in order to facilitate a co-investment by one or more affiliated or third-party co-investors. If the co-investment is not ultimately consummated, the Fund would end up holding a larger portion of the investment than it otherwise expected or desired to hold. The risk of a co-investment not being consummated generally would increase in the event an investment decreases in value during the warehousing period, potentially requiring the Fund to bear the losses in connection with the investment. We typically determine the cost of the co-investment in our sole discretion, taking into account its cost to the relevant Fund, the cost of capital and other factors, and may not charge the co-investors an amount that accurately reflects any appreciation in the value of the investment or appropriately compensates the Fund for the costs and risks incurred during the holding period.

*Bridge Financings.* From time to time, a Fund may lend or make other contributions to one of its properties or investments on a short-term, unsecured basis in anticipation of a future issuance of more permanent, long-term equity or debt securities. However, for reasons not always in a Fund's control, such long-term securities may not be issued, and such bridge loans may remain

outstanding. If that happens, the interest rate, coupon or other return on such loans or other contributions generally would not adequately reflect the risk associated with the unsecured position taken by the Fund.

*Potential Reporting Obligations; Other Regulatory Regimes.* Acquisitions by a Fund of equity securities are expected to result from time to time in reporting and compliance obligations under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or their equivalent regimes in non-U.S. jurisdictions. Portfolio Investments may also subject a Fund and, in limited circumstances, its partners, to other regulatory and reporting requirements. Investments in the communication, insurance, financial services, healthcare and mortgage industries would typically require a Fund to secure regulatory approvals or licenses, or to disclose information about itself or its equity holders. Applying for and obtaining these regulatory approvals and/or licenses is often a lengthy and expensive process with an uncertain outcome. Portfolio Investments may be unable to obtain necessary regulatory approvals on a timely basis, if at all, which could materially and adversely affect their performance. In addition, a Fund will be subject to tax reporting requirements in the United States and likely in other jurisdictions. The Fund will bear the costs of compliance.

*Disclosure of Information.* Certain investors in certain Funds are subject to state public records, similar freedom of information or other laws that compel public disclosure of confidential information regarding the Funds, their investments and their other investors, and these Funds may be required to disclose confidential information in connection with transactions. In our experience, there has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and any side letters) that investors that are subject to such laws have in place with private investment funds, as well as offering and other materials related to such funds. A Fund may incur expenses in connection with responding to any such disclosure requests, even if the Fund ultimately succeeds in asserting confidentiality for any requested documents and other materials. Moreover, notwithstanding any confidentiality protections in a Fund’s Governing Documents, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. We may also, in certain circumstances, in an effort to protect against any such potential disclosure, withhold all or any part of the information we would otherwise provide such an investor. The public disclosure of this information may adversely affect a Fund and its investment activities.

*Illiquidity – Real Estate.* Most, if not all, of a Fund’s Portfolio Investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize on such Portfolio Investments in a timely manner. Although Portfolio Investments typically generate some current income, the return of capital and the realization of gains, if any, from a Portfolio Investment will generally occur only upon the partial or complete disposition or refinancing of such Portfolio Investment. While we may sell a Portfolio Investment at any time, we generally would not expect this to occur for a number of years after the Fund makes the investment. Furthermore, it is unlikely that there will be a public market for the Portfolio Investments at the time of their acquisition. A Fund and its general partner generally will not be able to sell Portfolio Investments publicly unless we register their sale under applicable securities laws, or unless an exemption from such registration requirements is available. In some cases, contractual, legal or regulatory reasons will prohibit a Fund from selling certain Portfolio Investments for a period of time.

*Risk Management; Operational Controls.* The operational controls and risk management techniques we use involve third parties over whom we do not exercise control, including outsourced providers of fund administration and custody services. The proper operation of a Fund and safekeeping of its assets depend on the performance and financial wherewithal of these third parties, as well as the continued operation and security of their systems. The operational controls and risk management techniques we use also necessarily include subjective elements, making the judgment and discretion of our investment and control-side professionals fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for us to control for risk, which in turn increases the likelihood of unpredictable results with respect to a Portfolio Investment and a Fund's overall performance.

Additional operational risks arise from such factors as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology (including those highlighted below under "*Cybersecurity Risk*"), changes in personnel and errors caused by third parties. While we seek to minimize these events through controls and oversight, there may still be failures that could cause losses to a Fund.

*Cybersecurity Risk.* As our use of technology, particularly internet-based programs and data storage applications, increases, we may be more susceptible to operational risks specific to this technology, including unauthorized access to our information and technology systems or those of joint-venture partners or third-party service providers that hold our information and/or have access to our technology systems. These breaches could result in the misappropriation of assets or confidential information, destruction or corruption of data and/or disruption of our operations. We, our service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds, their Portfolio Investments and their investors, despite our efforts and those of our service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of our computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to our systems and those of our service providers or counterparties or data within these systems. Third parties, including nation-state or terrorist actors, may also attempt to fraudulently induce employees, customers, third-party service providers or other users of our systems to disclose sensitive information in order to gain access to our data or that of a Fund's investors or otherwise inflict harm. Whether intentional or unintentional, a cybersecurity breach may cause us, the Funds or Portfolio Investments to lose proprietary information, suffer data corruption or deletion, expose information to misuse or force us to pay ransom to retrieve data or face its loss. Unauthorized access could lead to

- physical damage to a computer or network system (and costs associated with system repairs),
- loss or theft of investors' funds,
- the inability to access electronic systems,

- a failure to maintain the confidentiality and privacy of sensitive information (including the loss of investors' confidential or personal information),
- loss of capabilities essential to our, the Funds' and/or the Portfolio Investments' operations,
- financial losses from remedial actions,
- loss of business,
- reputational harm, or
- potential liability.

Cybersecurity risks also result in ongoing preventative measures and compliance costs, including forensic analysis of the origin and scope of any cybersecurity breach, as well as increased and upgraded cybersecurity.

Furthermore, the international nature of our business operations can result in additional risks to our technology and information. At times we are required to disclose or store certain information locally in jurisdictions with relatively weaker protections of corporate proprietary information and assets. We may also transmit information in countries that do not respect the privacy of communications or that restrict the transmission of certain information. Foreign legal or administrative regimes may compromise our control over proprietary data and/or personal information by requiring us to cede to regulators rights over, or allow regulatory inspections of, it. The risk of data theft generally increases in these instances.

*Data Privacy and Security Laws.* Jurisdictions in which the Funds operate have recently adopted, or are considering adopting, stringent data privacy and cybersecurity laws, including the General Data Protection Regulation in the European Union (or "GDPR"), the California Consumer Privacy Act, the New York SHIELD Act and a range of proposed additional laws at the federal level and in California, New York, Texas, Utah, Washington and other states. The cumulative effects the recently adopted laws include

- an enhanced ability of individuals, relative to companies, to control the use of their personal data;
- increased obligations to maintain the security of data; and
- additional exposure to fines or damages for companies that do not accord individuals their specified privacy rights, that experience data breaches or that fail to maintain cybersecurity at certain levels.

We will endeavor to maintain systems that promote compliance with data privacy and security laws, both those adopted to date and those that may be adopted in the future, but there can be no assurance that these systems will be effective. Failure to comply with such laws could result in significant fines or damages that could have a material adverse effect on the Funds.

*Environmental Matters.* The ordinary operation of, or the occurrence of an accident with respect to, a Portfolio Investment asset could cause major environmental damage, which may result in significant financial distress to such asset or Portfolio Investment, if not covered by insurance. In addition, persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons.

Certain environmental laws and regulations may require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination. A Fund may therefore be exposed to substantial risk of loss from environmental claims arising in respect of its investments. Furthermore, changes in environmental laws or regulations or the environmental condition of an investment may create liabilities that did not exist at the time of its acquisition and that could not have been foreseen. Community and environmental groups may protest about the development or operation of Portfolio Investment assets, which may induce government action to the detriment of a Fund. New and more stringent environmental or health and safety laws, regulations and permit requirements, or stricter interpretations of current laws, regulations or requirements, could impose substantial additional costs on a Portfolio Investment, or could otherwise place a Portfolio Investment at a competitive disadvantage compared to other companies, and failure to comply with any such requirements could have an adverse effect on a Portfolio Investment.

Even in cases where a Fund is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Fund to achieve enforcement of such indemnities.

*OFAC and FCPA Considerations.* Economic sanction laws in the United States and other jurisdictions may prohibit us, a Fund and its Portfolio Investments from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit certain investment activities, and if a Fund or its Portfolio Investments were to violate any such laws or regulations, it may face significant legal and monetary penalties.

The U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws and regulations may also apply to and restrict the activities of certain Funds and their Portfolio Investments. If a Fund or its Portfolio Investment were to violate any such laws or regulations, such Fund or Portfolio Investment may face significant legal and monetary penalties. Even if an investigation or proceeding does not result in a finding of a violation of any such laws or regulations, or the penalties a regulator imposes against a Fund or its Portfolio Investment were small in monetary amount, the costs associated with regulatory investigations or adverse publicity relating to the investigation or proceeding could adversely affect the business, financial condition or results of operations of the Fund or Portfolio Investment. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that a Fund or its Portfolio

Investment becomes the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage may face increased scrutiny and/or liability with respect to the activities of their underlying Portfolio Investments. As such, a violation of the FCPA or other applicable regulations by a Fund or its Portfolio Investment could have a material adverse effect on the Fund.

*Contingent Liabilities and Liabilities Upon Disposition of an Investment.* From time to time, a Fund will incur contingent liabilities in connection with an investment. For example, a Fund may enter into agreements pursuant to which it assumes responsibility for default risk presented by a third party. In connection with the disposition of an investment in a Portfolio Investment, a Fund may be required to make representations about the business and financial affairs of that Portfolio Investment typically made in connection with the sale of assets or a business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of the investment to the extent such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which will be borne by the Fund. The Fund may incur numerous other types of contingent liabilities, and there can be no assurance that the Fund will adequately reserve for its contingent liabilities or that such liabilities will not have an adverse effect on the Fund. A Fund's investors may be required to return amounts distributed to them to fund Fund obligations, including indemnity obligations.

*Nature of Real Estate Investments Generally.* The Funds' Portfolio Investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. Deterioration of real estate fundamentals generally, and in North America and Europe in particular, would negatively impact the performance of the Funds. Additional risks include those associated with:

- the burdens of ownership of real property;
- local, national or international economic conditions (such as an oversupply of space or a reduction in demand for space);
- changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies;
- uninsured or uninsurable losses;
- regulatory limitations on rents;
- decreases in property values;
- changes in tenant demand;
- changes in supply of and demand for competing properties in a particular area;
- fluctuations in the rates and occupancy for hotel properties;



- changes in housing policy;
- changes in the financial condition of tenants, buyers and sellers of properties;
- changes in availability of debt financing, which would render the sale or refinancing of properties difficult or impracticable;
- changes in building and similar laws;
- energy and supply shortages;
- terrorist attacks, war, natural disasters and other “acts of God”;
- work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor, and/or other labor-related factors;
- changes in real property tax rates and operating expenses;
- changes in interest rates and the availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable;
- increased mortgage defaults;
- increases in borrowing rates;
- environmental liabilities;
- contingent liabilities on disposition of assets;
- 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);
- quality and philosophy of management;
- competition based on rental rates;
- attractiveness and location of the properties and changes in the relative popularity of property types and locations; and
- other factors that are beyond our control.

Most of the potential real estate Portfolio Investments will be difficult to value, and if our opinion as to the value of an investment is incorrect or not shared by other market participants, a Fund’s returns will be adversely affected.

*Risks of Acquiring Real Property.* The Funds’ real estate Portfolio Investments will be subject to various risks that cause fluctuations in occupancy, rental rates, operating income and expenses or that render the sale or financing of the Portfolio Investments’ properties difficult or unattractive.

For example, following the termination or expiration of a tenant's lease, there could be a period of time before a Fund's Portfolio Investments will begin receiving rental payments under a replacement lease. During that period, the Portfolio Investments (and indirectly, the Funds) will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions could impair the Portfolio Investments' ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants would require the Portfolio Investments to make capital improvements to properties that we would not otherwise have planned. Any unbudgeted capital improvements that a Fund undertakes may divert cash that would otherwise be available for distribution to investors. To the extent that the Portfolio Investments are unable to renew leases or re-let spaces as leases expire, decreased cash flow from tenants will result, which would adversely impact the relevant Fund's returns.

Additionally, a Fund occasionally will be required to spend funds to correct defects or make improvements before a property can be sold. We cannot assure that a Fund will have the necessary funds for such projects. On an acquisition, a Fund may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede a Fund's ability to respond to adverse changes in the performance of such Fund's Portfolio Investments could significantly affect such Fund's financial condition and operating results.

In some instances, the only asset of the tenant of a Portfolio Investment's property may be its improvements on the property, or the liability of the tenant may be limited to its interest in such improvements. In these cases, the Portfolio Investment will be required to rely on the tenant's equity interest in the improvements for its security. In the event of a default by a tenant's or other premature termination of a lease, the Portfolio Investment generally would experience delays in enforcing its rights as lessor, incur substantial costs in protecting its investment and experience an impairment of value.

Due to the relatively illiquid nature of real estate investments, we expect to have limited ability to vary a Fund's portfolio promptly in response to changes in economic or other conditions.

In addition, adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on a Fund's ability to collect rent payments and, accordingly, on its ability to make distributions to investors. Tenants will experience, from time to time, a downturn in their businesses or operations that could weaken their financial condition and result in their failure to make rental payments when due. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow of a Fund.

*Risks of Acquiring Real Estate Loans and Participations.* A Fund may hold direct or indirect investments in certain 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.

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 the investment).

Certain Funds at times will acquire real estate loans or participation interests that are nonperforming at the time of their acquisition or later become nonperforming for a wide variety of reasons. Such nonperforming real estate loans generally require a substantial amount of workout negotiations and/or restructuring, which typically would entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. To the extent that a Fund purchases partial interests in nonperforming loans, the Fund may not have control over the workout process and the management of real estate assets. Even in such circumstances, replacement “takeout” financing may not be available upon maturity of such real estate loan. Purchases of participations in real estate loans raise many of the same risks as direct investments in real estate loans and also carry risks of illiquidity and lack of control. In addition, loan participations involve credit exposure to the financial institutions participating in the loan. It is possible that a Fund will foreclose on collateral securing one or more real estate loans purchased by such Fund. The foreclosure process varies between jurisdictions and can be lengthy (taking up to several years or more to conclude in some jurisdictions) and expensive. Borrowers resist foreclosure actions by asserting numerous claims and defenses against the holder of a loan, including numerous lender liability claims and defenses, even when such assertions have no basis in fact, which can significantly prolong and increase the costs of the process. At any time during the foreclosure proceedings, a borrower may file for bankruptcy, which would stay the foreclosure action and further delay the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and result in disrupting ongoing leasing and management of the property. Moreover, certain of the real estate loans in which a Fund may invest may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. Investing in real estate-related loans will subject a Fund to many of the risks of investment in real estate generally, especially where the loans are acquired

in distressed or “loan to own” situations. If a Fund acquires a loan participation, it will generally be unable to enforce its rights against the borrower or the collateral directly, and will instead be dependent on the participating financial institution.

Some of a Fund’s investments in real estate loans and participations will not be rated by any recognized rating agency. Generally, the value of unrated classes is more subject to fluctuation due to economic conditions than rated classes, and there is increased risk of nonpayment or of a significant delay in payments on unrated classes. Should assets be downgraded, it would adversely affect their value and that of such Fund.

*Residential Real Estate Investments.* A Fund may invest from time to time in residential development projects and financing opportunities relating to certain residential real estate or residential real estate-related assets or portfolios thereof. In such circumstances, the performance of such investments may become increasingly susceptible to adverse changes in prevailing economic and employment conditions in the United States and the other jurisdictions where such properties are located. Our ability to invest in residential real estate-related opportunities (including providing financing for potential owners and operators of residential real estate or residential real estate-related assets or portfolios thereof) may depend upon our ability to strategically partner with established and sophisticated joint venture partners and other third parties. Any downturn in the U.S. or global economies may adversely affect the financial condition of residential owners and tenants, making it more difficult for them to meet their periodic repayment obligations relating to certain residential real estate properties, which could adversely impact a Fund’s investment performance. In addition, there can be no assurance that a Fund will be able to effectively partner with suitable joint venture partners or other third parties in connection with its residential real estate-related investment activities, which may impact the Fund’s ability to effectively identify and consummate such investments.

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

*Mortgage-Backed Securities.* A Fund may acquire senior and subordinated tranches of mortgage-backed securities (“MBS”) issuances. Subordinated tranches of MBS are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and also have subordinated rights as to receipt of interest distributions. Subordinated tranches are subject to a greater risk of nonpayment than senior tranches of MBS or MBS-backed by third-party credit enhancement. In addition, the secondary market for such subordinated securities is not as active and well-developed as the market for certain other MBS. Accordingly, such subordinated MBS would have limited marketability, and there can be no assurance that a more efficient secondary market will develop. Although senior tranches of MBS are less risky than subordinated tranches of the same issue, they are still subject to the risk of loss.

*Commercial Mortgage Loans.* A Fund may hold directly or indirectly (e.g., through investments in commercial mortgage-backed securities or companies that originate, service or invest in mortgage loans) or be exposed to commercial mortgage loans. Commercial mortgage loans are generally secured by multi-family or commercial property and are subject to risks of delinquency and foreclosure, and risks of loss. The ability of a borrower to repay a loan secured by an income-producing property is dependent primarily upon the successful operation of such property. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things,

- tenant mix;
- success of tenant businesses;
- property management decisions;
- property location and condition;
- competition from comparable types of properties;
- changes in laws that increase operating expenses or limit rents that may be charged;
- environmental contamination at the property;
- the occurrence of any uninsured casualty at the property;
- changes in national, regional or local economic conditions and/or specific industry segments;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- increases in interest rates, real estate tax rates and other operating expenses;
- changes in governmental rules, regulations and fiscal policies, including environmental legislation; and
- "acts of God," terrorism, social unrest and civil disturbances.

A commercial property may not readily convert to an alternative use in the event that the operation of such commercial property for its original purpose becomes unprofitable. In such cases, the conversion of the commercial property to an alternative use would generally require substantial capital expenditures. The liquidation value of any such commercial property may be substantially less, relative to the amount outstanding on the related commercial mortgage loan, than would be the case if such commercial property were readily adaptable to other uses.

*Residential Mortgage Loans.* A Fund may hold (e.g., through investments in residential mortgage-backed securities or companies that originate, service or invest in mortgage loans) or be exposed to residential mortgage loans. Residential mortgage loans are secured by single-family residential property and are subject to risks of delinquency and foreclosure and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon various factors, including the income or assets of the borrower. A Fund may hold or be exposed to non-prime or sub-prime residential mortgage loans (which are subject to higher delinquency, foreclosure and loss rates than prime residential mortgage loans), which could result in higher losses to such Fund. Non-prime and sub-prime residential mortgage loans are made to borrowers who have poor or limited credit histories and, as a result, do not qualify for traditional mortgage products. Because of the poor, or lack of, credit history, non-prime and sub-prime borrowers have materially higher rates of delinquency, foreclosure and loss compared to prime credit quality borrowers. Loans to non-owner occupied properties may present a greater risk of loss because these borrowers may be more likely to default on a mortgage loan than a mortgage loan secured by a primary residence of a borrower.

*Impact of Government Regulations.* Government authorities at all levels are actively involved in the regulation of land use and zoning, environmental protection and safety, and other matters affecting the ownership, use and operation of real property. Regulations may be promulgated that could restrict or curtail certain usages of existing structures, or require that such structures be renovated or altered in some manner. The promulgation and enforcement of such regulations could increase expenses, and lower the income or rate of return, as well as adversely affect the value of any, of a Fund's investments. Operators are also subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. Compliance with, or changes in, these laws could reduce a Fund's returns.

*Pools of Whole Loans.* In connection with the acquisition of whole loans, a Fund may be required to purchase other types of mortgage assets as part of an available pool of mortgage assets in order to acquire the desired whole loans. These other mortgage assets may include mortgage assets that subject a Fund to additional risks. Acquisition of less desirable mortgage assets may impair the performance of the Fund and reduce returns to investors.

*Governmental Actions Affecting Mortgages and Mortgage Foreclosures.* Following the 2008 financial crisis, the federal government, state governments, consumer advocacy groups and others urged mortgage servicers to be aggressive in modifying mortgage loans to avoid foreclosure. In addition, numerous laws, regulations and rules were proposed recently by federal, state and local governmental authorities that would have delayed foreclosure, reduced or delayed payments by homeowners, forgiven debt and increased prepayments due to the availability of government-sponsored refinancing initiatives. Also, several courts, state and local governments and elected or appointed officials took steps to slow or prevent foreclosures, including certain federal and state legislators calling for a more broad-based moratorium on foreclosures generally. While many of these initiatives were not adopted, governmental bodies could renew their focus on slowing or preventing foreclosures, which could adversely affect a Fund if a substantial amount of its capital is invested in residential mortgage loans.

*Predatory and Other Lending Laws.* A Fund may be subject to liability for potential violations of predatory and other lending laws, which could adversely impact the Fund's operations, financial conditions and business.

Under the anti-predatory lending laws of some states, the origination of certain residential mortgage loans must satisfy a net tangible benefits test with respect to the related borrower. This test can be highly subjective and open to interpretation. As a result, a court could determine that a residential mortgage loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied.

Failure of residential mortgage loan originators or servicers to comply with these laws, to the extent any of their residential mortgage loans become part of a Fund's mortgage-related assets, could subject such Fund or a Portfolio Investment, as assignees or purchasers of the related residential mortgage loans, to monetary penalties and could result in the borrowers attempting to rescind the affected residential mortgage loans. If the loans are found to have been originated in violation of predatory or abusive lending laws, and a Fund or such Portfolio Investments have no rights to indemnification or the sellers are unable to meet their indemnification obligations, such Fund could incur losses, which could reduce the Fund's returns.

*Harmful Mold and Other Air Quality Issues.* When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of a Fund's properties could require such Fund to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose a Fund to liability from its tenants, employees of its tenants, and others if property damage or health concerns arise.

*Americans with Disabilities Act and Similar Laws.* Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. If one of the properties in a Fund's portfolio does not comply with the ADA, such Fund may incur costs to bring the property into compliance, which may or may not have been foreseen at the time of acquisition. Future changes to federal, state and local laws also may require modifications to a Fund's properties, or restrict a Fund's ability to renovate its properties. A Fund cannot predict the ultimate cost of compliance with the ADA or other legislation. If a Fund incurs substantial costs to comply with the ADA and any other similar legislation, such Fund's financial condition, operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.

*Changes in Prepayment Rates.* Changes in prepayment rates could reduce the value of mortgage loans directly held by a Fund or underlying a security held by such Fund. In the case of residential mortgage loans, there are seldom any restrictions on borrowers' abilities to prepay their loans.

Borrowers tend to prepay loans faster when interest rates fall. Consequently, owners of the loans have to reinvest the money received from the prepayments at the lower prevailing interest rates. Conversely, borrowers tend not to prepay loans when interest rates rise. Consequently, owners of the loans are unable to reinvest money that would have otherwise been received from prepayments at the higher rates. The negative effect of the rate increase on the market value of MBS is usually more pronounced than it is for other types of fixed-income securities.

*Risks of Investing in REITs.* A Fund may organize one or more entities treated as a REIT through which the Fund would make investments. The risks that a Fund's investments in REITs will subject the Fund to are similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. In addition, qualification as a REIT involves the application of highly technical and complex provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), for which there are only limited judicial or administrative interpretations, and the determination of various factual matters and circumstances not entirely within the REIT's control. If any REIT fails to maintain its qualification as a REIT in any taxable year, and certain relief provisions do not apply, the REIT would be subject to tax on its taxable income at regular corporate rates. In such an event, distributions by the REIT to a Fund or its investors would, to the extent of earnings and profits, be taxable to such investors as ordinary dividends.

*Risks Associated with Service Providers.* In addition to risks associated with attempting to predict default and recovery rates on mortgages that a Fund may acquire or to which it otherwise has exposure, the creditworthiness, servicing practices and viability of the service providers of such mortgages are also significant risks. Illiquidity and unpredictability in these markets make it difficult to determine whether such service providers have sufficient capital and adequate staffing levels to fulfill their servicing obligations and the extent to which such service providers are subject to regulatory risks and risk of error.

A Fund will also be exposed to these and other risks to the extent it has a financial interest in a service provider or otherwise engages in servicing activities. While a Fund may utilize (or replace existing service providers with) affiliated service providers, there can be no assurance that any such affiliated service provider will be successful or will have a positive impact on such Fund's performance.

*Investments in Troubled Assets.* Certain Funds may make substantial investments in nonperforming, underperforming or undercapitalized real estate companies or other troubled assets that involve a degree of financial risk and are experiencing, or are expected to experience, severe financial difficulties, which they may never overcome, therefore leading to a loss of some or all of the Fund's investment. Portfolio Investments may have been originated or sponsored by financial institutions that are insolvent, in serious financial difficulty or no longer in existence. As a result, the recourse to the selling institution may be adversely affected. In addition, certain of a Fund's investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code. Further, investments in entities that later file for relief as debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to litigation that could further impair the value of the investment. For example, under U.S. law, in certain circumstances, lenders that have inappropriately exercised control of the management and policies



of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances under U.S. law, payments to a Fund and distributions by a Fund to its investors may be reclaimed in such proceedings if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment or the equivalent under the laws of certain other jurisdictions. Non-U.S. jurisdictions present analogous or different credit issues. Bankruptcy laws typically would delay the ability of a Fund to realize on collateral for loan positions held by it or adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws generally also permit the restructuring of debt without a Fund's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to such Fund.

*Investments in Land / New Development; Risk of Fraud.* Certain Funds expect to acquire direct or indirect interests in undeveloped land or underdeveloped real property, which often is non-income producing. To the extent that a Fund invests in such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include those risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of a Fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a Fund and on the amount of proceeds available for distribution to the Fund's partners. Properties under development or properties acquired for development generally produce little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. Further, if market conditions change during the course of development, it would make such development less attractive than at the time it was commenced.

Moreover, investments in new development activities could be susceptible to irregular accounting or other fraudulent practices. In the event of fraudulent activity related to any Portfolio Investment, the applicable Fund may suffer a partial or total loss of capital invested in that investment. There can be no assurance that any such losses will be offset by gains (if any) realized on such Fund's other Portfolio Investments.

*Availability of Insurance Against Certain Catastrophic Losses.* A Fund's investments may be susceptible to the effects of "Acts of God," including earthquakes, floods, hurricanes, tropical storms, fires or other natural disasters, pandemics, electricity shortages or other similar national or local emergencies, that are beyond our control and not easily foreseeable. Funds seek to ensure that Portfolio Investments maintain appropriate liability, flood, extended coverage and other insurance. However, certain losses of a catastrophic nature, such as those caused by wars, earthquakes, severe weather, terrorist attacks or other similar events, will either be uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism can be hard and expensive to insure against. Some insurers are excluding terrorism coverage from their all-risks policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a Portfolio Investment. As a result, not all investments will be insured against terrorism or other catastrophes.

If a major uninsured loss occurs, a Fund could lose both invested capital in, and anticipated profits from, the affected investments.

*Environmental and Similar Liabilities.* A Fund may be exposed to substantial risk of loss from claims arising from Portfolio Investments involving undisclosed or unknown environmental, health or occupational safety matters, or problems with inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. A Fund intends to explore obtaining environmental liability insurance on a case-by-case basis. Under various federal, state and local laws, ordinances and regulations, an owner of real property is liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Some laws impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefor as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, would adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which generally would have an adverse effect on a Fund's return from such Portfolio Investment. Environmental claims with respect to a specific Portfolio Investment may exceed the value of such Portfolio Investment, and, under certain circumstances, subject the other assets of a Fund to such liabilities. In addition, even in cases where a Fund is indemnified or insured against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the indemnitor or insurer to satisfy such indemnities or insurance or the ability of the Fund to achieve enforcement of such indemnities or insurance.

*Litigation at the Property Level.* The acquisition, ownership and disposition of real properties entails litigation risks, including in relation to activities that took place prior to a Fund's acquisition of such property. In addition, buyers of the Portfolio Investments may later sue a Fund for breaches of representations and warranties, losses associated with latent defects or other problems not uncovered in due diligence.

*Eurozone Risks.* Certain Funds will invest in European properties and other assets that have operations affected by the Eurozone economy, including those denominated in the Euro. Since a financial crisis emerged in Europe in 2010, continued concerns regarding the sovereign debt of various Eurozone countries and proposals for investors to incur substantial write-downs and reductions in the face value of sovereign debt have given rise to concerns about sovereign defaults, the possibility that one or more countries might leave the European Union or the Eurozone and various proposals (still under consideration and unclear in material respects) for support of affected countries and the Euro as a currency. Sovereign debt defaults and European Union and/or Eurozone exits could have material adverse effects on certain of a Fund's investments.

*General Business and Market Risks.* In addition to the risks highlighted in the preceding paragraphs, the investments made by a Fund involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies

or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks.

### ***Material Risks of Significant Investment Strategies – RE Finance Trust Management***

The investment strategies with respect to TRTX described above, and other strategies that TRTX pursue, involve a substantial degree of risk, and TRTX may lose all or a substantial portion of the value of its investments. Some of the more significant risks include the following:

#### **Risks Related to TRTX's Lending and Investment Activities**

- TRTX's success depends on the availability of attractive investment opportunities and our ability to identify, structure, consummate, leverage, manage and realize returns on TRTX's investments.
- TRTX's commercial mortgage loans and other commercial real estate-related debt instruments expose it to risks associated with real estate investments generally.
- Commercial real estate debt instruments that are secured or otherwise supported, directly or indirectly, by commercial property are subject to delinquency, foreclosure and loss.
- TRTX originates and acquires transitional loans, which involves greater risk of loss than stabilized commercial mortgage loans.
- There can be no assurances that the U.S. or global financial systems will remain stable, and the occurrence of another significant credit market disruption may negatively impact TRTX's ability to execute its investment strategy.
- Changes to, or the elimination of, LIBOR may adversely affect TRTX's interest income, interest expense or both.
- Difficulty in redeploying the proceeds from repayments of TRTX's existing loans and other investments could materially and adversely affect it.
- If TRTX is unable to successfully integrate new assets and manage its growth, its results of operations and financial condition may suffer.
- TRTX operates in a competitive market for the origination and acquisition of attractive investment opportunities and competition may limit its ability to originate or acquire attractive investments in its target assets.
- Interest rate fluctuations could significantly decrease TRTX's ability to generate income on its investments.
- Prepayment rates may adversely affect TRTX's financial performance and cash flows and the value of certain of its investments.
- TRTX's investments may be concentrated and could be subject to risk of default.

- The illiquidity of certain of TRTX's loans and other investments may materially and adversely affect TRTX.
- Most of the commercial mortgage loans that TRTX originates or acquires are nonrecourse loans, and the assets securing these loans may not be sufficient to protect it from a partial or complete loss if the borrower defaults on the loan.
- TRTX may not have control over certain of its investments.
- Future joint venture investments could be adversely affected by TRTX's lack of sole decision-making authority, its reliance on joint venture partners' financial condition and liquidity and disputes between it and its joint venture partners.
- TRTX is subject to additional risks associated with investments in the form of loan participation interests.
- Mezzanine loans, B-Notes and other investments that are subordinated or otherwise junior in an issuer's capital structure, such as preferred equity, and that involve privately negotiated structures, will expose TRTX to greater risk of loss.
- TRTX's origination or acquisition of construction loans exposes it to an increased risk of loss.
- Risks of cost overruns and non-completion of the construction or renovation of the properties underlying loans TRTX originates or acquires could materially and adversely affect it.
- Investments that TRTX makes in CRE debt securities and other similar structured finance investments, as well as those that it structures, sponsors or arranges, pose additional risks.
- Investments in non-investment grade rated investments involve an increased risk of default and loss.
- Any credit ratings assigned to TRTX's investments will be subject to ongoing evaluations and revisions, and those ratings may be downgraded.
- The United Kingdom's exit from the E.U. could materially and adversely affect TRTX.
- TRTX may need to foreclose on certain of the loans it originates or acquires, which could result in losses.
- Real estate valuation is inherently subjective and uncertain.
- TRTX's reserves for loan losses may prove inadequate.
- TRTX may experience a decline in the fair value of investments it may make in CRE debt securities.

- Some of TRTX's investments may be recorded at fair value and, as a result, there will be uncertainty as to the value of these investments.
- In addition to other analytical tools, we will utilize financial models to evaluate commercial mortgage loans and expected losses that may result, the accuracy and effectiveness of which cannot be guaranteed.
- Insurance proceeds on a property may not cover all losses, which could result in the corresponding non-performance of or loss on TRTX's investment related to such property.
- The impact of any future terrorist attacks and the availability of affordable terrorism insurance expose TRTX to certain risks.
- Liability relating to environmental matters may impact the value of properties that TRTX may acquire upon foreclosure of the properties underlying its loans.
- TRTX may be subject to lender liability claims, and if TRTX is held liable under such claims, it could be subject to losses.
- If the loans that TRTX originates or acquires do not comply with applicable laws, it may be subject to penalties.
- If TRTX originates or acquires commercial mortgage loans or commercial real estate-related debt instruments secured by liens on facilities that are subject to a ground lease and such ground lease is terminated unexpectedly, TRTX's interests in such loans could be materially and adversely affected.

#### Risks Related to TRTX's Financing

- TRTX has a significant amount of debt, which subjects it to increased risk of loss, and TRTX's charter and bylaws contain no limitation on the amount of debt it may incur or have outstanding.
- There can be no assurance that TRTX will be able to obtain or utilize additional financing arrangements in the future on similar or more favorable terms, or at all.
- Certain of TRTX's current financing arrangements contain, and its future financing arrangements likely will contain, various financial and operational covenants, and a default of any such covenants could materially and adversely affect it.
- TRTX's financing arrangements may require it to provide additional collateral or repay debt.
- Interest rate fluctuations could increase TRTX's financing costs.
- TRTX's investments may be subject to fluctuations in interest rates that may not be adequately protected, or protected at all, by its hedging strategies.

- TRTX's use of leverage may create a mismatch with the duration and index of the investments that it is financing.
- Warehouse facilities that TRTX may obtain in the future may limit its ability to originate or acquire assets, and TRTX may incur losses if the collateral is liquidated.
- TRTX has utilized and may in the future utilize non-recourse securitizations to finance its investments, which may expose it to risks that could result in losses.
- TRTX may be subject to losses arising from guarantees of debt and contingent obligations of its subsidiaries or joint venture or co-investment partners.
- TRTX is subject to counterparty risk associated with its debt obligations.

#### Risks Related to Our Relationship with Us and Our Affiliates

- TRTX depends on us and TPG personnel provided to us for its success. TRTX may not find a suitable replacement for us if the Advisory Services Agreement is terminated, or if key personnel cease to be employed by TPG or otherwise become unavailable to TRTX.
- Other than any dedicated or partially dedicated chief financial officer that we currently provide to TRTX, the TPG personnel provided to us, as TRTX's external manager, are not required to dedicate a specific portion of their time to the management of TRTX's business.
- We manage TRTX's portfolio pursuant to very broad investment guidelines and are not required to seek the approval of TRTX's board of directors for each investment, financing, asset allocation or hedging decision we make, which may result in TRTX making riskier loans and other investments.
- Our fee structure may not create proper incentives or may induce us to make certain loans or other investments, including speculative investments, which increase the risk of TRTX's portfolio.
- TRTX may compete with existing and future Global Vehicles, which may present various conflicts of interest that restrict its ability to pursue certain investment opportunities or take other actions that are beneficial to its business and result in decisions that are not in the best interests of TRTX stockholders.
- Termination of the Advisory Services Agreement would be costly.
- We maintain a contractual, as opposed to a fiduciary, relationship with TRTX. Our liability is limited under the Advisory Services Agreement, and TRTX has agreed to indemnify us against certain liabilities.
- TRTX does not own the TPG name, but may use it as part of its corporate name pursuant to a trademark license agreement with a TPG affiliate. Use of the name by other parties or the termination of TRTX's trademark license agreement may harm its business.

### Risks Related to TRTX as a Company

- TRTX's investment strategy and guidelines, asset allocation and financing strategy may be changed without stockholder consent.
- TRTX may not be able to operate its business successfully or implement its operating policies and investment strategy.
- We (and TPG) may not be able to hire and retain qualified loan originators or grow and maintain TRTX's relationships with key borrowers and loan brokers.
- Maintenance of TRTX's exemptions from registration as an investment company under the Investment Company Act imposes significant limits on its operations.
- Rapid changes in the market value or income potential of TRTX's assets may make it more difficult for it to maintain its qualification as a REIT or its exclusion or exemption from regulation under the Investment Company Act.
- The due diligence process we undertake in regard to TRTX's investment opportunities may not reveal all facts relevant to an investment and, as a result, TRTX may experience losses.
- Failure to obtain, maintain or renew required licenses and authorizations necessary to operate TRTX's mortgage-related activities may materially and adversely affect it.
- Changes in laws or regulations governing TRTX's operations, changes in the interpretation thereof or newly enacted laws or regulations and any failure by TRTX to comply with these laws or regulations could materially and adversely affect it.
- Actions of the U.S. government, including the U.S. Congress, Federal Reserve Board, U.S. Treasury Department and other governmental and regulatory bodies, to stabilize or reform the financial markets, or market response to those actions, may not achieve the intended effect.
- The obligations associated with being a public company require significant resources and attention from our senior leadership team.
- If TRTX fails to maintain an effective system of internal control, it may be unable to accurately determine its financial results or prevent fraud.
- TRTX depends on us to develop appropriate systems and procedures to control operational risk.
- Operational risks, including the risks of cyberattacks, may disrupt TRTX's businesses, result in losses or limit its growth.
- TRTX depends on Situs Asset Management, LLC ("Situs") for asset management services. TRTX may not find a suitable replacement for Situs if its agreement with Situs is

terminated, or if key personnel cease to be employed by Situs or otherwise become unavailable to TRTX.

- Accounting rules for certain of TRTX's transactions are highly complex and involve significant judgment and assumptions. Changes in accounting interpretations or assumptions could impact TRTX's ability to timely prepare consolidated historical financial statements.

#### Risks Related to TRTX's REIT Status and Certain Other Tax Items

- If TRTX fails to remain qualified as a REIT, it will be subject to tax as a C corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to its stockholders.
- Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.
- Compliance with the REIT requirements may hinder TRTX's ability to grow.
- TRTX may choose to make distributions to its stockholders in its own common stock, in which case its stockholders could be required to pay income taxes in excess of the cash dividends they receive.
- Even if TRTX remains qualified as a REIT, it may face other tax liabilities that reduce its cash flow.
- Complying with REIT requirements may cause TRTX to forego otherwise attractive investment opportunities.
- Complying with REIT requirements may force TRTX to liquidate or restructure otherwise attractive investments.
- TRTX may be required to report taxable income from certain investments in excess of the economic income it ultimately realizes from them.
- The "taxable mortgage pool" rules may increase the taxes that TRTX or its stockholders may incur, and may limit the manner in which TRTX effects future securitizations.
- The tax on prohibited transactions limits TRTX's ability to engage in transactions, including certain methods of securitizing mortgage loans, which would be treated as sales for U.S. federal income tax purposes.
- TRTX's investments in construction loans will require it to make estimates about the fair value of land improvements that may be challenged by the IRS.
- The failure of a mezzanine loan to qualify as a real estate asset could adversely affect TRTX's ability to continue to qualify as a REIT.



- The failure of assets subject to secured revolving repurchase agreements to qualify as real estate assets could adversely affect TRTX's ability to continue to qualify as a REIT.
- Liquidation of assets may jeopardize TRTX's REIT qualification or create additional tax liability for it.
- Complying with REIT requirements may limit TRTX's ability to hedge effectively and may cause it to incur tax liabilities.
- If TRTX's subsidiary REIT failed to qualify as a REIT, TRTX could be subject to higher taxes and could fail to remain qualified as a REIT.
- Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code.
- New legislation or administrative or judicial action, in each instance potentially with retroactive effect, could make it more difficult or impossible for TRTX to remain qualified as a REIT or have other adverse effects on it.

### ***Material Risks of Significant Investment Strategies – TPEP Vehicles***

The investment strategies described above, and other strategies that TPEP Vehicles pursue, involve a substantial degree of risk, and the TPEP Vehicles may lose all or a substantial portion of the value of their investments. For purposes of this subsection, "Funds" will only refer to TPEP Vehicles. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Fund's offering documents, and our representatives are available to discuss with potential investors the risks involved in the strategies a TPEP Vehicle pursues. Such material risks include the following:

*Potential Lack of Diversification.* We cannot give any assurance as to the degree of diversification that we will achieve in the Funds' portfolio. Any non-diversification would increase the risk of loss to the Funds if there was a decline in the market value of any security or sector in which a Fund has invested a large percentage of its assets. Even if the Funds achieve significant diversification, such diversification would not necessarily provide meaningful risk control, and may reduce the Funds' profit potential.

*Market Conditions and Financial Market Fluctuations.* Market and economic conditions throughout the world materially affect a Fund's investments. These conditions include

- interest rates;
- availability and terms of credit;
- credit defaults;
- inflation rates;
- economic uncertainty;

- changes in laws;
- regulatory interventions and changes in regulations;
- changes in fiscal and monetary policies;
- trade barriers;
- commodity prices;
- currency exchange rates and controls; and
- national and international political, environmental and socioeconomic circumstances, including the risks of war and the effects of terrorist attacks.

Difficult market conditions also adversely affect a Fund and its returns by reducing the value or performance of its investments or by reducing its ability to raise or deploy capital.

*Equity Risk.* The market price of securities held by the Funds will increase and/or decrease, sometimes rapidly or unpredictably. The values of equity securities may decline due to general market conditions that are not specifically related to a particular Fund investment, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend, interest or other payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities that we believe are fundamentally undervalued or incorrectly valued at times will not ultimately be valued in the capital markets at prices or within the time frame we anticipate. As a result, a Fund may lose all or substantially all of its investment in a particular security.

*Coronavirus Outbreak.* The global outbreak of the 2019 novel coronavirus (“COVID-19”) and the measures governmental agencies and the private sector have taken to contain it, including business closures, limitations on public gatherings, travel restrictions and quarantines, have significantly disrupted the global economy and caused severe market dislocation and volatility. While we cannot accurately forecast COVID-19’s ultimate impact at this time, we expect it will have a profound and lasting effect on the Funds, the Funds’ Portfolio Investments and our ability to manage the Funds’ portfolios. For example, we anticipate the economic and market conditions resulting from the outbreak will materially and adversely affect the operations and financial position of a significant number of the Funds’ Portfolio Investments. In addition, COVID-19 and corresponding containment efforts have impaired and will continue to impair, potentially for an extended period of time, our ability to monitor existing Fund Portfolio Investments as well as to execute the Funds’ investment strategies. Given the extraordinary nature of COVID-19 and its inherent unpredictability, it may take years to understand the full scope of its ramifications.

*Reliance on Our Professionals.* The success of the Funds will depend in large part upon the skill and expertise of our professionals. We cannot assure that any individual professional will continue to be associated with the Funds or that replacements will perform well. Our ability to recruit, retain and motivate qualified professionals is dependent on our ability to offer attractive incentive opportunities. There is competition among alternative asset firms, financial institutions, hedge funds, investment managers and other industry participants for hiring and retaining qualified investment professionals. Should any of our professionals join or form a competing firm, become incapacitated or in some other way cease to participate in the Funds' investment activities, the Funds' performance could be adversely affected.

Tax reform enacted in 2017 in the United States has increased the holding period required in order for professionals to treat their performance allocation as a capital gain, which may increase the amount of taxes such professionals would be required to pay with respect to their performance allocation. If additional, broader legislation were to be enacted to treat carried interest as ordinary income rather than a capital gain, the amount of taxes that our professionals would be required to pay with respect to their performance allocations would materially increase, thereby adversely affecting our ability to offer attractive incentive opportunities.

*Misconduct of Employees and of Third-Party Service Providers.* Misconduct by our employees or third-party service providers could cause the Funds to incur significant losses.

Employee misconduct could include binding the Funds to transactions that present unacceptable risks and unauthorized activities or concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including the failure to record transactions or improperly performing their responsibilities as administrators. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects. Although we have adopted measures reasonably designed to prevent and detect employee misconduct and to select reliable third-party providers, we cannot give any assurance that these measures will be effective in all cases.

*Exemptions from Registration Under U.S. Commodities Laws.* While the Funds may invest in certain commodity interests (directly or indirectly through other fund investments) including swaps, futures and currency forwards, the Funds engage in limited trading of commodity interests. Accordingly, we have filed a notice of exemption with the National Futures Association from registration with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator with respect to the Funds pursuant to CFTC Rule 4.13(a)(3). We therefore are not required to deliver a Disclosure Document or a certified Annual Report (as those terms are used in the CFTC's rules). Likewise, we are exempt from registration with the CFTC as a commodity trading advisor, and as such, will not be required to satisfy certain requirements under the CFTC rules.

*Changes in the Political Environment of the United Kingdom and Europe.* In a referendum held on June 23, 2016, the United Kingdom resolved to leave the European Union (commonly referred to as "Brexit"). The United Kingdom left the European Union on January 31, 2020 and currently is negotiating its future relationship with the European Union during a transition period scheduled to end on December 31, 2020.

The initial Brexit result has led to political and economic instability and volatility in the financial markets of the United Kingdom and more broadly across Europe. The longer-term economic, legal, political and social framework between the United Kingdom and the European Union remains unclear at this stage, and this uncertainty is likely to lead in turn to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This uncertainty will also likely continue to impact the global economic climate.

*Increased Regulatory Oversight.* The financial services industry generally, and the activities of private investment funds and their managers, in particular, have in recent years been subject to intense regulatory oversight. As a result of such oversight, we anticipate that, in the normal course of business, our officers will have contact with governmental authorities and/or need to respond to inquiries or examinations and/or implementing new, or enhance existing, policies and procedures. We would also expect the Funds to be subject to regulatory inquiries concerning their securities positions and trading.

The passage of the Dodd-Frank Act resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Pursuant to the Dodd-Frank Act, the SEC adopted rules that require reporting by registered investment advisers to private funds, which have added costs to our legal, operations and compliance obligations, and those of the Funds and their general partners, and have increased the amount of time that we spend on non-investment-related activities.

The Dodd-Frank Act currently affects a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, broker-dealers, futures commission merchants and swap dealers. It is difficult to predict the future of the Dodd-Frank Act or to anticipate the effect of these and other regulatory changes on us and the Funds, and such continued uncertainty may increase market volatility, making it more difficult for us to execute the investment strategy of the Funds.

In addition, on August 25, 2015, the U.S. Treasury Department's Financial Crimes Enforcement Network released a notice of proposed rulemaking that would impose anti-money laundering compliance obligations on registered investment advisers. These proposed rules (or other rules that may be proposed in the future) may further increase our compliance obligations and related costs, require us to obtain certain information or representations from investors and increase the amount of time we spend on non-investment-related activities.

The implementation of the AIFM Directive could have an adverse effect on the continued operation of a Fund where interests are offered to or placed with investors in any European Economic Area ("EEA") Member State that has implemented the AIFM Directive.

For example, there remains some uncertainty as to the manner in and extent to which the AIFM Directive is being implemented in various EEA Member States. This uncertainty increases the risk we breach in an EEA Member State the requirements imposed by the AIFM Directive. Such a breach could result in a regulatory authority or court in that or another EEA Member State

requiring us to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against us or a Fund. This could result in a loss to the Fund.

*Potential Reporting Obligations; Other Regulatory Regimes.* Acquisitions by the Funds of equity securities at times result in reporting and compliance obligations under the Exchange Act and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or their equivalent regimes in non-U.S. jurisdictions. See Item 11 below. In addition, the Funds will be subject to tax reporting requirements in the United States and likely in other jurisdictions. The Funds will bear the costs of compliance.

*Risk Management; Operational Controls.* Although we will seek to manage investment risks by employing appropriate due diligence, analysis and pricing models prior to and during a Fund's investment in a Portfolio Investment, we cannot assure that these methods will expose all the considerations relevant to the investment decision. Further, the operational controls and risk management techniques we use involve third parties over whom we do not exercise control, including outsourced providers of fund administration and custody services. The proper operation of a Fund and safekeeping of its assets depend on the performance and financial wherewithal of these third parties, as well as the continued operation and security of their systems. The operational controls and risk management techniques we use also necessarily include subjective elements, making the judgment and discretion of our investment and TPG's control-side professionals fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for us to control for risk, which in turn increases the likelihood of unpredictable results with respect to a Portfolio Investment and the Funds' overall performance.

Additional operational risks arise from such factors as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology (including those highlighted below under "*Cybersecurity Risk*"), changes in personnel and errors caused by third parties. While we seek to minimize these events through controls and oversight, there may still be failures that could cause losses to a Fund.

*Cybersecurity Risk.* As our use of technology, particularly internet-based programs and data storage applications, increases, we may be more susceptible to operational risks specific to this technology, including unauthorized access to our information and technology systems or those of joint-venture partners or third-party service providers that hold our information and/or have access to our technology systems. These breaches could result in the misappropriation of assets or confidential information, destruction or corruption of data and/or disruption of our operations. We, our service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite our efforts and those of our service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of our computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to our systems and those of our service providers or counterparties or data within these systems. Third parties, including nation-state or terrorist actors, may also attempt to fraudulently induce employees, customers, third-party service providers or other users of our systems to disclose

sensitive information in order to gain access to our data or that of a Fund's investors or otherwise inflict harm. Whether intentional or unintentional, a cybersecurity breach may cause us, the Funds or Portfolio Investments to lose proprietary information, suffer data corruption or deletion, expose information to misuse or force us to pay ransom to retrieve data or face its loss. Unauthorized access could lead to

- physical damage to a computer or network system (and costs associated with system repairs),
- loss or theft of investors' funds,
- the inability to access electronic systems,
- a failure to maintain the confidentiality and privacy of sensitive information (including the loss of investors' confidential or personal information),
- loss of capabilities essential to our, the Funds' and/or the Portfolio Investments' operations,
- financial losses from remedial actions,
- loss of business,
- reputational harm, or
- potential liability.

Cybersecurity risks also result in ongoing preventative measures and compliance costs, including forensic analysis of the origin and scope of any cybersecurity breach, as well as increased and upgraded cybersecurity.

*Data Privacy and Security Laws.* Jurisdictions in which the Funds operate have recently adopted, or are considering adopting, stringent data privacy and cybersecurity laws, including the General Data Protection Regulation in the European Union (or "GDPR"), the California Consumer Privacy Act, the New York SHIELD Act and a range of proposed additional laws at the federal level and in California, New York, Texas, Utah, Washington and other states. The cumulative effects the recently adopted laws include

- an enhanced ability of individuals, relative to companies, to control the use of their personal data;
- increased obligations to maintain the security of data; and
- additional exposure to fines or damages for companies that do not accord individuals their specified privacy rights, that experience data breaches or that fail to maintain cybersecurity at certain levels.

We will endeavor to maintain systems that promote compliance with data privacy and security laws, both those adopted to date and those that may be adopted in the future, but there can be no assurance that these systems will be effective. Failure to comply with such laws could result in significant fines or damages that could have a material adverse effect on the Funds.

*Effect of Substantial Withdrawals.* A number of events could trigger substantial withdrawals by a Fund's investors, including, for example,

- investment performance;
- changes in prevailing interest rates and financial market performance;
- significant change in our personnel or management;
- legal or regulatory issues that investors perceive to have a bearing on us or a Fund; or
- other factors.

Actions taken to meet substantial withdrawal requests from such Fund could result in prices of securities held by the Fund decreasing and in Fund expenses increasing (*e.g.*, due to increased transaction costs incurred in the liquidation of positions or in connection with the termination of counterparty agreements). Substantial withdrawals could also significantly restrict the Fund's ability to obtain financing or derivatives counterparties needed for its investment and trading strategies, which would have a further material adverse effect on the Fund's performance.

*Short Sales.* We make short sales of securities on behalf of certain Funds. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes the Funds to the risk of liability for the market value of the security that is sold, which is an unlimited risk in theory due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available for the Funds to borrow at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, in which case the Funds would be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain *de minimis* threshold and may adopt rules requiring public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions where the Funds trade have adopted reporting requirements. If the Funds' short positions or its strategy become generally known, it could have a significant effect on our ability to implement our investment strategy. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by the Funds forcing the Funds to cover its positions at a loss. Such reporting requirements likely would also limit our ability to access management and other personnel at certain companies where we seek to take a short position. In addition, if other investors engage in copycat behavior by taking

positions in the same issuers as the Funds, the cost of borrowing securities to sell short could increase significantly and the availability of such securities to the Funds could decrease significantly.

The SEC has adopted restrictions on the short sale of securities which fall more than 10% in a given day (referred to as the “circuit breaker” or “modified uptick rule”). The SEC and regulatory authorities in other jurisdictions could adopt (and in certain cases have adopted) bans or other restrictions on short sales of certain securities in response to market events. Restrictions or bans on short selling would make it more difficult for the Funds to execute certain investment strategies and may have a material adverse effect on the Funds’ ability to achieve their investment objectives and generate returns.

*Leverage.* We may utilize leverage in investing the Funds’ assets, including through trading on margin by borrowing funds and pledging cash or securities as collateral. While the use of borrowed funds increases returns if the Funds earn a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the Funds fail to earn as much on such incremental investments as it pays for such funds. The effect of leverage in these cases would therefore result in a greater decrease in the net asset value of the Funds than if the Funds were not so leveraged. Any use by the Funds of short-term margin borrowings will result in certain additional risks to the Funds. For example, the securities pledged to brokers to secure the Funds’ margin accounts could be subject to a “margin call,” pursuant to which the Funds would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of the Funds’ assets accompanied by corresponding margin calls could force the Funds to liquidate assets quickly, and not for what we perceive to be their fair value, in order to pay off its margin debt. In addition, the Funds may engage in certain derivatives transactions which implicitly contain leverage and subject the Funds to the same risks discussed above.

*Risks of Derivative Instruments.* The Funds from time to time use derivative instruments. Use of derivative instruments exposes the Funds to risks associated with the underlying reference asset (e.g., a foreign currency or an equity security) and the applicable markets generally, as well as the following additional risks:

Tracking – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged would likely prevent the Funds from achieving the intended hedging effect or expose the Funds to the risk of loss.

Liquidity – Derivative instruments, especially when traded in large amounts, are not liquid in all circumstances, so that in volatile markets, the Funds may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which each Fund may conduct its transactions in derivative instruments would prevent prompt liquidation of positions, subjecting such Fund to the potential of greater losses.

Leverage – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced



by the Funds and would generally cause the Funds' net asset value to be subject to wider fluctuations than would be the case if the Funds did not use the leverage feature in derivative instruments.

Operations Risk – Operations risk includes the possibility of loss caused by inadequate procedures and controls, human error and system failures by a service provider. For example, trading delays or errors could prevent the Funds from benefiting from potential investment gains or avoiding losses. The liability of service providers to the Funds for losses resulting from their errors may be limited.

Over-the-Counter Trading/Counterparty Risk – The Funds will be exposed to counterparty risk to the extent they use “over-the-counter” derivatives, enter into repurchase agreements, lend their portfolio securities or allow a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt or otherwise experiences a business interruption, the Funds would expect to miss investment opportunities or otherwise hold investments they would prefer to sell, possibly resulting in losses for the Funds. The Funds may effect transactions in “over-the-counter” or “interdealer” markets or other unregulated private markets. The lack of a common clearing facility in these markets creates counterparty risk. The participants in these markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the investor 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 contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The Funds typically would be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. The Funds typically are only able to close out over-the-counter transactions with the relevant counterparty, and generally are only able to transfer a position with the consent of the particular counterparty. When a counterparty's obligations are not fully secured by collateral, the Funds are essentially an unsecured creditor of the counterparty. If the counterparty defaults, the Funds will have contractual remedies, but there is no assurance that a counterparty will be able to meet its obligations pursuant to such contracts or that, in the event of default, the Funds will succeed in enforcing contractual remedies and there may be significant costs and/or delays in doing so. Counterparty risk is still present even if a counterparty's obligations are secured by collateral because the Funds' interest in collateral may not be perfected or additional collateral may not be promptly posted as required. To the extent the Funds allow a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, the Funds may be treated as unsecured creditors of such counterparty in the event of the counterparty's insolvency. Counterparty risk would be more pronounced if a counterparty's obligations exceed the amount of collateral held by the Funds (if any), the Funds are unable to exercise their interest in collateral upon default by the counterparty or the termination value of the instrument varies significantly from marked-to-market value of the instrument.

The Funds will be exposed to the credit risk of its counterparties and at times will bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding the repurchase price, default by the seller would expose the Funds, as buyer, to possible loss due to adverse market action or delay in connection with the disposal of the underlying obligations. Conversely, where the Funds act as sellers under a repurchase agreement they are exposed to the risk of the buyer defaulting in its obligation to return the securities when it is required to do so, and the Funds could realize a loss on the purchase of the underlying security to the extent that the purchase price of the underlying security is greater than the cash collateral posted by the buyer. In addition, if the seller becomes involved in bankruptcy or litigation proceedings, the Funds would likely incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if the Funds are treated as unsecured creditors and are required to return the underlying collateral to the seller's estate.

Securities purchased or sold on a "when-issued" or "delayed delivery" basis involve a risk of loss if the value of the securities to be purchased declines prior to the settlement date or if the value of the securities to be sold increases prior to a settlement date.

Additionally, the Funds are exposed to documentation risk, including the risk that the parties disagree as to the proper interpretation of the terms of a contract (*e.g.*, the definition of default). If a dispute occurs, the cost and unpredictability of the legal proceedings required for the Funds to enforce its contractual rights could lead the Funds to decide not to pursue its claims against the counterparty. In that case, the Funds would generally be unable to obtain payments they believe are owed to them under over-the-counter derivatives contracts or those payments may be delayed or made only after the Funds have incurred the costs of litigation.

Due to the nature of the Funds' investments, the Funds would expect to invest in derivatives or execute a significant portion of their securities transactions through a limited number of counterparties, and events that affect the creditworthiness of any of those counterparties would therefore have a pronounced effect on the Funds. In addition, the creditworthiness of a counterparty typically would be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. We evaluate the creditworthiness of the counterparties to the Funds' transactions or their guarantors at the time the Funds enters into a transaction. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of the Funds to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement for over-the-counter derivatives may increase the potential for losses by the Funds.

The Funds' use of derivatives is further impacted by U.S. financial reform legislation, which includes provisions for clearing, margin and reporting requirements for derivatives transactions and restrictions on the types of derivatives transactions that can be entered into by certain financial companies. These regulations are new and evolving and may increase the cost of entering into derivatives.

The Funds may use certain derivatives transactions, including some interest rate swaps and credit default index swaps that are required to be cleared. In a cleared derivatives transaction, the Fund's counterparty to the transaction is a central derivatives clearing organization, or clearing house, rather than a bank or broker. Since the Funds are not members of a clearing house, and only members of a clearing house can participate directly in the clearing house, the Funds hold cleared derivatives transactions through accounts at futures commission merchants who are members of the clearing houses. The Funds make and receive payments owed under cleared derivatives transactions (including margin payments) through their accounts at clearing members. The Funds' clearing members guarantee the Funds' performance of their obligations to the clearing house. In contrast to bilateral over-the-counter derivatives transactions, following a period of advance notice to the Funds, clearing members can generally require termination of existing cleared derivatives transactions at any time and increase the amount of margin required for any cleared derivatives transaction above the amount of margin that was required at the beginning of the transaction. The Funds are subject to execution risk if they enter into derivatives transactions that are required to be cleared (or which we expect to be cleared), and no clearing member is willing to clear the transactions on the Funds' behalf. In that case, the transactions might be terminated, and the Funds could lose some or all of the benefit of any increase in the value of the transactions after the time of the trade.

*Options.* The Funds may invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option is from time to time subject to greater fluctuation than an investment in the underlying securities would entail. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of the call. The risk for a writer of a put option is that the price of the underlying securities falls below the exercise price. The ability to trade in or exercise options likely would be restricted in the event that trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows the Funds greater flexibility to tailor options to their needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

*Hedging.* The Funds from time to time employ hedging techniques intended to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates. While we intend such transactions to reduce certain risks, they will entail certain other risks and involve costs. We expect the Funds to benefit from the use of these hedging mechanisms, but unanticipated changes in interest rates, securities prices or currency exchange rates would typically result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions.

The success of any hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged. Since the characteristics of many investments change as markets change or time passes, the success of the Funds' hedging strategy will also be

subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds enter into hedging transactions to seek to reduce risk, it is possible that such transactions would result in a poorer overall performance for the Funds than if they had not engaged in such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation risks preventing the Funds from achieving the intended hedge or exposing the Funds to risk of loss. We may be unable to or may not hedge against a particular risk because we do not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because we do not foresee the occurrence, probability or magnitude of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' investments. In addition, although such hedging transactions are intended to hedge economic risks, they are not always effective hedges for tax purposes. For example, the tax character of the gain or loss on the hedging transaction may differ from the character of the gain or loss on the investment, or the timing of the gain or loss for tax purposes may differ between the hedging transaction and the investment. Finally, changes to the regulations applicable to the financial instruments the Funds use to accomplish their hedging strategy, including the CFTC's current and proposed rules on position limits for derivatives, could limit the effectiveness of that strategy or require more onerous reporting.

*Initial Public Offerings.* The Funds will from time to time purchase securities of companies conducting, or that have recently conducted, initial public offerings. Special risks associated with these securities include limited liquidity and unseasoned trading, as well as a lack of investor knowledge of the company in light of its limited operating history. These factors can contribute to substantial price volatility for the shares of these companies and, thus, for the Fund's interests. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies conducting initial public offerings are in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenue or operating income, or the near-term prospects of achieving them.

*Non-U.S. Investments.* The Funds invest outside of the United States. Such investments are subject to different, possibly greater risks than U.S. investments due to non-U.S. economic, political and legal developments, including, among other things,

- changes in currency exchange rates;
- exchange control regulations (including currency blockage);
- expropriation of assets or nationalization;
- imposition of taxes on dividends, interest payments or capital gains;
- the need for approval by government or other authorities to make investments;
- possible difficulty in obtaining and enforcing judgments against non-U.S. entities; and

- other factors beyond our control.

Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which the Funds invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets typically are subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements will in some instances be subject to delays and related administrative uncertainties. In some countries there are restrictions on investments or investors such that the only practicable way for the Funds to invest in such markets is by entering into swaps or other derivatives transactions with their prime brokers or others. Such transactions involve counterparty risks that are not present in the case of direct investments and that we may not be able to control. To the extent such non-U.S. laws and regulations do not provide the Funds with equivalent rights and privileges necessary to promote and protect the Funds' interest in any such proceeding, Portfolio Investments would generally be adversely affected. We will analyze risks in the applicable foreign countries before making such investments, but cannot assure that these risks will not adversely affect the Fund's assets.

The risks described above are particularly relevant to the extent the Funds make investments in emerging market countries. Emerging market countries generally are subject to greater risks of expropriation, confiscatory taxation, nationalization, political, economic or social instability and other negative developments.

*Interest Rate Risks.* The Funds have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the Funds. Factors that affect market interest rates include:

- inflation;
- slow or stagnant economic growth, or recession;
- unemployment;
- money supply and the monetary policies of the Board of Governors of the U.S. Federal Reserve System;
- international disorders; and
- instability in domestic and foreign financial markets.

We expect the Funds to periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, we may not be able to manage this risk effectively. Failure to manage interest rate risk effectively could adversely affect the Funds' performance.

*Portfolio Turnover.* We do not expect to place any limit on the rate of portfolio turnover, and we will sell portfolio securities without regard to the time the Funds have held them when, in our opinion, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may reduce a Fund's investment gains or create a loss for investors and would result in additional taxable costs for investors depending on the tax provisions applicable to them.

*Cash and Other Investments.* The Funds will generally invest at least a portion of their assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items are generally expected to be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers that we deem creditworthy. The Funds may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they at times produce lower than expected returns, and could result in losses. Investments in cash items and money market funds could provide less liquidity than anticipated by the Funds at the time of investment.

*Lending of Securities.* The Funds are able to lend portfolio securities to broker-dealers and other financial institutions. The advantage of such loans is that the Funds continue to receive the interest or dividends on the loaned securities, while at the same time earning interest on the collateral which is invested in short-term obligations. If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates, and the Funds could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. On termination of the loan, the borrower is required to return the securities to the Funds; any gains or loss in the market price during the loan would inure to the Funds. In the event of the bankruptcy of the other party to a securities loan, the Funds could experience delays in recovering the securities they lent. To the extent that the value of the securities the Funds lent has increased, the Funds could experience a loss if such securities are not recovered.

*Custodial Risk.* Each Fund's prime brokers will have custody of the Fund's securities, cash, distributions and rights accruing to the Fund's securities accounts. SEC rules require the prime brokers to maintain physical possession and control of fully paid securities held in a Fund's account and to establish certain reserves for the benefit of customers. However, subject to certain limitations, a prime broker generally has the ability to loan, pledge and rehypothecate the securities in a Fund's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of its insolvency. If this were to occur, a Fund would typically not have a right to recover its securities held by the prime broker, but would rather have only an unsecured claim and participate pro rata with other customers of the prime broker in the proceeds of the sale of customer securities. Also, even if a prime broker does have sufficient assets to meet all customer claims, there could be a delay before a Fund receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, we have established relationships with multiple prime brokers. However, we may not be able to maintain these relationships. In addition, we would likely not be able to identify potential solvency concerns with respect to the Funds' prime brokers or to transfer assets from one prime broker to another prime

broker in a timely manner. The prime brokers may hold the Funds' securities through third parties such as clearing corporations, other brokers or banks. In addition, the Funds from time to time hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, the Funds are subject to credit risk with respect to such third parties as well as with respect to the prime brokers. In addition, certain of the Funds' assets are held by non-U.S. affiliates of the Funds' prime brokers and entities other than the prime brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the United States. If a Fund has over-collateralized derivative contracts, it is likely to be an unsecured creditor of any such counterparty in the event of its insolvency. Also, even if a Fund's prime broker or such other third parties do have sufficient assets to meet all claims, there could be a delay before the Funds receive assets to satisfy its claims. We may change a Fund's brokerage arrangements any time without prior notice to its investors. There are likely to be operational and other delays associated with changes in prime brokerage arrangements.

*Tax Considerations.* We expect the Funds to be subject to income or withholding taxes and/or tax return filing obligations in various jurisdictions in which they conduct investment activities. The rate of any withholding taxes and the creditability of such taxes typically depend on the facts and circumstances relating to the particular investment and generally would differ for each investment. There are significant uncertainties regarding the interpretation and application of the broad-based reform of the Code that was signed into law on December 22, 2017 (the "Tax Act"). While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes the Tax Act made to the Code and any further changes in tax laws or interpretation of such laws may be adverse to the Funds.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Except as described below, TPG does not have any legal, financial or other "disciplinary" event to report. As a registered investment adviser, TPG is obligated to disclose any legal disciplinary event that would be material to a client when evaluating the adviser's advisory business or integrity of its management.

On December 21, 2017, without admitting or denying any wrongdoing, TPG Capital Advisors, LLC consented to the entry of an order to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 206(4) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and Rules 206(4)-7 and 206(4)-8 thereunder. According to the SEC order, with respect to certain private equity funds, TPG Capital Advisors, LLC did not provide sufficient pre-commitment disclosure regarding the acceleration of otherwise authorized fees paid by its Portfolio Investments upon the termination of monitoring fee agreements. The order also found that TPG Capital Advisors, LLC did not adopt and implement a written compliance policy or procedure regarding the foregoing. TPG Capital Advisors, LLC agreed as part of the settlement to pay disgorgement of \$9,487,620.80 (plus prejudgment interest of \$361,507.99) to limited partners of certain private equity funds and a civil monetary penalty of \$3,000,000 to the SEC.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

*TPG Capital BD, LLC.* Our affiliate TPG BD is a broker-dealer registered with the SEC and a member of FINRA. TPG BD

- places securities and instruments issued by
  - certain private investment funds that we and our related entities manage individually or through our principals; and
  - other entities not related to us or our related entities;
- participates in the syndication of opportunities to co-invest in Portfolio Investment alongside certain Global Vehicles and third parties;
- participates in underwriting syndicates and/or selling groups with respect to securities and instruments issued by Portfolio Investments of a Global Vehicle (whether in primary or secondary offerings);
- acts as arranger (or in a similar capacity) with respect to loans or lines of credit to Global Vehicles, Portfolio Investments of Global Vehicles and third-party borrowers (or in respect of similar debt instruments), placing or arranging for the placement of such instruments;
- entered into an Equity Distribution Agreement, dated March 7, 2019, with TRTX and certain other sales agents relating to the issuance and sale of shares of TRTX common stock through the sales agents;
- in some cases, will act as a broker in transactions on behalf of Global Vehicles; and
- provides advisory and structuring services to Global Vehicles and their Portfolio Investments, including in respect of secondary offerings, block trades or other structured acquisitions or dispositions of securities or related derivatives.

TPG BD from time to time acts as the sole, lead or managing financial institution in these transactions when consistent with its authorization as a registered broker-dealer.

In connection with its involvement in the public or private placement of securities or instruments issued by Portfolio Investments of Global Vehicles, TPG BD may directly or as part of an underwriting syndicate purchase from such Portfolio Investments the securities or instruments issued.

For a description of the fees, commissions and other compensation TPG BD and other affiliates receive in respect of the activities described above, please see Item 5 above.

For a description of material conflicts of interest created by our relationships with TPG BD, please see Item 11 below.



*Other Investment Advisers.* The following investment advisers are affiliates of ours:

- TPG Capital Advisors, LLC;
- TPG PEP Advisors, LLC (“TPEP”);
- TPG RE Finance Trust Management, L.P. (“RE Finance Trust Management”); and
- TPG Real Estate Advisors, LLC,

along with their respective relying advisers. All are TPG Management Companies.

For a description of material conflicts of interest created by the relationship among us and our affiliated advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

*General Partners of Global Vehicles.* Various entities serve as general partners of the Global Vehicles, and are our related persons. For a description of material conflicts of interest created by the relationship among us and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

For the purposes of this Item 11, “we,” “us” and “our” shall include the applicable TPG Management Company, except where context otherwise requires.

##### ***Code of Ethics***

We have adopted a comprehensive Code of Ethics that is applicable to, among others, all of our officers and employees, certain temporary personnel and certain of our affiliates and their officers and employees (collectively, “Global Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations.

With respect to TPEP, transactions in certain permitted investments must be pre-cleared by TPEP’s Chief Compliance Officer or his/her designee.

Except with respect to TPEP, Global Personnel and their families and households will from time to time purchase investments for their own accounts, including the same or similar types of investments as may be purchased or sold by a Global Vehicle, subject to the terms of the Code of Ethics. The Code of Ethics generally permits such transactions only if

- the transaction is “pre-cleared” by our Chief Compliance Officer or his/her designee; or
- the transaction is exempt from pre-clearance under the Code of Ethics.

The investment policies, fee arrangements and other circumstances of these personal investments often vary from those of the Global Vehicles. As our officers, principals and employees typically also make investments in or alongside the Global Vehicles, they have conflicting interests with respect to these investments.

Under the Code of Ethics, Global Personnel also are required to file certain periodic reports with the Chief Compliance Officer or his/her designee as required by Rule 204A-1 under the Advisers Act. The records of any such trades by Global Personnel will not be open to inspection by investors. Our management may from time to time implement additional internal policies or restrictions on trading by Global Personnel and their family/household that are in addition to the requirements of our Code of Ethics.

We will provide a copy of the Code of Ethics to any Global Advisee or prospective client upon request.

### ***Participation or Interest in Client Transactions; Related Person Investments***

Please see “*Conflicts of Interest*” below for information regarding circumstances in which we or a related person

- recommends to Global Advisee, or buys or sells for Global Vehicles’ accounts, securities in which we or a related person has a material financial interest;
- invests in the same securities that we or a related person recommends to Global Advisee;
- recommends securities to Global Advisee, or buys or sells securities for Global Vehicle accounts, at or about the same time that we or a related person buys or sells the same securities for our own (or the related person’s own) account; and
- encounters related conflicts of interest.

### ***Conflicts of Interest***

As discussed further below, we and our related entities engage in a broad range of activities, including pursuing investments for the Funds, other investment funds and other accounts, and providing investment advisory, broker-dealer and other related services to these funds, other accounts and their Portfolio Investments.

Both the TPG Management Companies and the affiliated advisers forming a part of us have a number of related investment advisers (including other TPG Management Companies) that focus primarily on different investment strategies, although such investment strategies overlap from time to time.

In the ordinary course of conducting its activities, the interests of a Global Advisee will from time to time conflict with the interests of other Global Advisees, including other Funds and TPG Management Companies and affiliates of the foregoing.

We describe below certain of these conflicts of interest, as well as how we seek to address them.

## Resolution of Conflicts

In resolving conflicts among Global Vehicles, we will consider various factors, including the interests of such Global Vehicle and the other Global Vehicle with respect to the immediate issue and the longer-term course of dealing among such vehicles. In the case of all conflicts involving a Global Vehicle, our determination as to which factors are relevant, and the attempted resolution of such conflicts, will be made in our sole discretion.

The following may help mitigate potential or actual conflicts of interest:

- a Global Vehicle will not make any investment unless we and the Global Vehicle's general partner believe that such investment is an appropriate investment considered from the viewpoint of such Global Vehicle;
- many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant Governing Documents for the Global Vehicles;
- many of our Funds have established advisory committees, whose members are not affiliated with the general partner of the Fund. Such committees generally play an important role in resolving conflicts of interest by, for example, overseeing certain activities that could give rise to conflicts of interest or approving or consenting to decisions that involve certain conflicts of interest referred to it by the Fund's general partner in accordance with the relevant Governing Documents;
- with respect to certain Global Vehicles, the boards of directors, certain of whose members are not affiliated with us, generally play an important role in resolving conflicts of interest by approving or disapproving decisions (including, when required, by a majority of the members who are not affiliated with us) that involve certain conflicts of interest we refer to it in accordance with the relevant Governing Documents;
- when we deem it appropriate in our sole discretion, unaffiliated third-party service providers will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third-party investor to make an investment on the same or similar terms as a Global Vehicle may demonstrate the fairness of the transaction to such Global Vehicle;
- prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- in certain circumstances, we erect temporary or permanent information barriers to restrict the transfer of non-public information between business units.

## Potential Conflicts of Interest

The following discussion describes certain of these actual, potential or apparent conflicts of interest and how we manage them. This summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact-intensive, and it is not possible to foresee every conflict of interest that may arise during a Global Vehicle's life. In particular, we may in the future identify additional conflicts of interest that currently are not apparent to us or the broader alternative investments industry, as well as conflicts of interest that arise or increase in materiality as we develop new investment platforms or business lines and otherwise adapt to dynamic markets and an evolving regulatory environment. To the extent we identify conflicts of interest in the future, we may, but assume no obligation to, disclose these conflicts and their implications to investors in Global Vehicles through a variety of channels, including in subsequent brochures or in other written or oral communications to a Fund's advisory committee or investors more generally. The material conflicts of interest that Global Advisees encounter (other than TRTX and TPEP Vehicles) are discussed immediately below. The material conflicts of interest that TRTX encounters are discussed thereafter in "*Potential Conflicts of Interest – RE Finance Trust Management*", and the material conflicts of interest that a TPEP Vehicle encounters are discussed thereafter in "*Potential Conflicts of Interest – TPEP Vehicles*."

### *Principal Transactions*

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

In connection with our management of the Global Vehicles, we and/or the Global Vehicles may, in certain limited circumstances, engage in principal transactions, as described below.

Also, from time to time, our affiliates who control, are controlled by or are under common control with us and/or our affiliates, may provide seed capital to a new Fund. In doing so, we and/or our affiliates may purchase securities that are later transferred into the Fund in exchange for a percentage ownership in such Fund. We review such transactions with outside counsel in an effort to ensure that we comply with the requirements of Section 206(3) of the Advisers Act in respect of principal transactions.

We have established certain policies and procedures reasonably designed to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the applicable Global Vehicle regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and the Global Vehicle's prior consent to the transaction be received. In addition, the Governing Documents relating to the Global Vehicles typically contain additional restrictions on our ability or that of the Global Vehicles to engage in principal transactions and disclosures regarding principal transactions that are likely to arise in the operations of Global Vehicles.

### *Participation of TPG BD in Global Vehicle Transactions*

As noted above under “*Item 10—Other Financial Industry Activities and Affiliations*,” we have an affiliate, TPG BD, which

- places securities and instruments issued by
  - certain private investment funds that we and our related entities manage individually or through our principals; and
  - other entities not related to us or our related entities;
- participates in the syndication of opportunities to co-invest in Portfolio Investment alongside certain Global Vehicles and third parties;
- participates in underwriting syndicates and/or selling groups with respect to securities and instruments issued by Portfolio Investments of a Global Vehicle (whether in primary or secondary offerings);
- acts as arranger (or in a similar capacity) with respect to loans or lines of credit to Global Vehicles, Portfolio Investments of Global Vehicles and third-party borrowers (or in respect of similar debt instruments), placing or arranging for the placement of such instruments;
- entered into an Equity Distribution Agreement, dated March 7, 2019, with TRTX and certain other sales agents relating to the issuance and sale of shares of TRTX common stock through the sales agents;
- in some cases, will act as a broker in transactions on behalf of Global Vehicles; and
- provides advisory and structuring services to Global Vehicles and their Portfolio Investments, including in respect of secondary offerings, block trades or other structured acquisitions or dispositions of securities or related derivatives.

TPG BD from time to time acts as the sole, lead or managing financial institution in these transactions when consistent with its authorization as a registered broker-dealer.

In connection with its involvement in the public or private placement of securities or instruments issued by Portfolio Investments of Global Vehicles, TPG BD may directly or as part of an underwriting syndicate purchase from such Portfolio Investments the securities or instruments issued.

Our relationship with TPG BD gives rise to conflicts of interest between us and Global Vehicles that have an interest in any Portfolio Investments or investment vehicles with respect to which TPG BD may provide services. In general, we have an incentive to exercise our control or influence over a Portfolio Investment’s management team so that it retains or otherwise transacts with TPG BD, instead of other unaffiliated broker-dealers or service providers or counterparties. We could also have an incentive to structure certain transactions, including co-investment opportunities, so that they require the use of a broker-dealer. When involved in a particular transaction, TPG BD

(and any syndicate of which it is a part) has an incentive to seek higher fees from the Global Vehicle and/or relevant Portfolio Investments. In addition, TPG BD could influence the placement of Portfolio Investment securities so that investors that are strategically important to TPG receive an allocation ahead of others.

TPG BD's business continues to evolve and expand. It is possible that TPG BD would earn fees for engaging in other transactions that relate to a Global Vehicle or its Portfolio Investments. For example, TPG BD could place interests in vehicles formed for the purpose of making co-investments or exercising our rights or discharging our obligations under Governing Documents. Any fees that TPG BD receives in connection with these transactions generally will not offset the advisory fees and may give rise to conflicts of interest.

TPG BD from time to time acts as placement agent in respect of investment funds that are sponsored and managed by third-party investment managers, including funds that may compete with Global Vehicles. In providing such services to, or with respect to, a competitor fund or company, TPG BD will not take into consideration the interests of the relevant Portfolio Investments or Global Vehicles.

We generally will evaluate any such transactions on a case-by-case basis to address any such conflicts. Transactions involving a Global Vehicle and TPG BD are also reviewed with regard to the appropriateness of the transaction and any fiduciary obligations. In addition, we review such transactions with outside counsel in an effort to ensure compliance with the requirements of Section 206(3) of the Advisers Act in respect of principal transactions between any Global Vehicle and us and our affiliates (including TPG BD).

For a description of the fees, commissions and other compensation TPG BD and other affiliates receive in respect of the activities described above, please see Item 5 above.

#### *Third-Party Placement Agents*

We from time to time enter into arrangements with third parties to raise capital for a Global Vehicle. Such placement agents typically receive a fee calculated as a percentage of the investments they bring to the respective Fund or, in some cases, a flat fee. We generally bear such fees instead of the Global Vehicle. We can pay placement agent fees directly or cause the Global Vehicle to pay so long as we reduce the Global Vehicle's advisory fees by that amount. Basing the placement agent's compensation on an investor's decision to invest creates a conflict of interest by incentivizing the placement agent to attract investors to a Fund when it may not be in the investors' best interests to subscribe.

#### *Allocation of Investment Opportunities*

We engage in a broad range of investment and advisory activities for our own account and for the accounts of investment funds. In connection with these activities, investment opportunities will arise that fall within the investment objectives or strategies of two or more Global Vehicles. We therefore expect to encounter situations in which we must determine how to allocate investment

opportunities among various Global Vehicles and other persons, which typically include the following:

- the Funds;
- any Co-Investment Vehicles formed to invest side-by-side with one or more Funds in particular transactions entered into by such Funds or for the purpose of pursuing a specific investment strategy. The investors in such Co-Investment Vehicles typically include individuals and entities that are also investors in one or more Funds (which we refer to collectively as “Global Investors”) and/or individuals and entities that are not investors in any Funds;
- Global Investors and/or third parties that wish to make direct investments side-by-side with one or more Global Vehicles in particular transactions; and
- Global Investors and/or third parties acting as “co-sponsors” with us with respect to a particular transaction.

In addition, we expect to form, sponsor or acquire in the future additional investment funds, separate accounts or other investment vehicles with investment objectives or strategies substantially similar to, or different from, those of the current Global Vehicles, including additional hedge funds, infrastructure funds, life sciences funds, emerging market funds and other regional or sector-focused vehicles.

The Global Vehicles are generally subject to contractual investment allocation requirements, such as “duty to offer” provisions or clauses stipulating a specified allocation for certain types of investments. Many, though not all, Global Vehicles have “duty to offer” provisions, and these provisions are customized for each Global Vehicle in light of its mandate. For example, the “duty to offer” provisions of some Global Vehicles have a geographic or industry focus. These provisions typically carve out certain types of investment opportunities, including follow-on investments or dispositions by other Global Vehicles and overlap situations as described below. We refer to these contractual investment allocation requirements, which are typically set forth in the Governing Documents of the Global Vehicles, as the “Investment Allocation Requirements.”

When making allocation decisions, we are guided by our contractual obligations to the Global Vehicles, as well as our allocation procedures and principles. For each allocation decision, we first apply the relevant Investment Allocation Requirements. Historically, applying the Investment Allocation Requirements has tended to result in the identification of a single Global Vehicle to pursue an investment opportunity. That is, we often conclude that an investment opportunity falls within the “duty to offer” of a single Global Vehicle and not any other Global Vehicle, based on it being suitable for, and satisfying the other “duty to offer” criteria of, that Global Vehicle alone.

However, in some circumstances, which have grown in frequency as TPG has developed both new and existing investment platforms, the Investment Allocation Requirements are not determinative. In these cases, we generally allocate the investment opportunity in accordance with our allocation

principles. These principles reflect considerations that we determine in good faith to be fair and reasonable, such as

- the investment focuses and objectives of the relevant Global Vehicles;
- the professionals who sourced the investment opportunity;
- the TPG professionals who are expected to oversee and monitor the investment;
- the expected amount of capital required to make the investment as well as the relevant Global Vehicles' current and projected capacity for investing (including for any potential follow-on investments);
- the relevant Global Vehicles' targeted rate of return and investment holding period;
- the stage of development of the prospective Portfolio Investments;
- the existing portfolio of investments of the relevant Global Vehicles;
- the investment opportunity's risk profile;
- the expected life cycle of the relevant Global Vehicles;
- any investment targets or restrictions (*e.g.*, industry, size, etc.) for the relevant Global Vehicles;
- the ability of the relevant Global Vehicles to accommodate structural, timing and other aspects of the investment process; and
- legal, tax, contractual, regulatory or other considerations that we deem relevant.

TPG has established a committee, which we refer to as the "Allocation Committee," to apply the above principles and make allocation decisions in situations where the investment interests of multiple Global Vehicles overlap. The composition of the Allocation Committee includes senior TPG professionals representing major investment platforms and TPG as a whole.

The relevance of each allocation principle will vary from investment opportunity to investment opportunity, with no single factor consistently outweighing the others. While we seek to apply a generally consistent framework and approach, the facts and circumstances of each allocation decision remain determinative.

The application of our allocation principles is a fact-intensive exercise. While we base our allocation decisions on the information available to us at the time, this information may prove, in retrospect, to be incomplete or otherwise flawed. Furthermore, the weight we ascribe to certain considerations will evolve over time in response to, among other things, changes in market conditions, the competition we face for investments and the mix of opportunities available to the Global Vehicles.



In making an allocation decision, additional conflicts of interest will arise. Specifically, because the Global Vehicles have different fee, expense and compensation structures, we have an incentive to allocate an investment opportunity to the Global Vehicle that would generate a higher fee or more carried interest. In addition, our professionals will generally participate indirectly in investments made by Global Vehicles in which they invest (see “*Conflicts Arising from Interests of Our Professionals in the Global Vehicles*”). We do not explicitly take such considerations into account in making allocation decisions and expect that our procedures and principles will help mitigate the risk that these incentives implicitly influence our allocation decisions.

An allocation decision may result in a single Global Vehicle being allocated an entire investment opportunity, or in multiple Global Vehicles sharing an investment opportunity on a basis approved by the Allocation Committee. Allocating all or any portion of an investment opportunity to, for example, one Global Vehicle instead of another Global Vehicle will reduce the amount available to the other Global Vehicle for investment. In certain cases, a Global Vehicle may decline to pursue an investment opportunity if it determines its allocation is too small to be appropriate for it.

Even when we determine that all or part of an investment opportunity should be allocated to a particular Global Vehicle, the Governing Documents of certain Global Vehicles allow us, in our complete discretion and notwithstanding our other allocation principles, to offer to other Global Vehicles or co-investors a certain amount of the portion of such opportunity allocated to such Global Vehicle. This right is separate from and in addition to our ability to allocate co-investment from “overage” after the Global Vehicle receives its appropriate allocation. We typically are able to exercise this right in a variety of ways, including on a deal-by-deal or more systematic basis. If we elect to exercise this right with respect to any investment opportunity, we could be awarding the other Global Vehicles (and their respective investors) or co-investors greater exposure to the investment than they would otherwise receive. Such Global Vehicles or co-investments may generate more fees, carried interest or other compensation than we would have received from the Fund to which the investment opportunity should be allocated.

We may not determine final allocations among Global Vehicles until after certain expenses or other amounts have already become due and payable. In these circumstances, a Global Vehicle may initially bear the full amount of an upfront payment or expense, even if another Global Vehicle ultimately participates in the investment. In such a circumstance, the other Global Vehicle would reimburse the Global Vehicle for its proportionate share of such payment or expense when we determine the final allocation of the investment opportunity among the Global Vehicles. While highly unlikely, it is possible that the other Global Vehicle could default on its obligation to reimburse the Global Vehicle.

#### *Allocation of Co-Investment Opportunities*

From time to time, we have the option to offer one or more Global Vehicles, Co-Investment Vehicles, Global Personnel or third parties the opportunity to invest alongside a Fund, or “co-invest,” in an investment a Fund is making either directly or through a TPG-controlled vehicle established to invest in one or more co-investment opportunities. This situation generally arises when the amount of capital necessary to complete a transaction exceeds the amount we

determine is appropriate for the Fund, after taking into account additional capital to be contributed by other Funds and any

- co-underwriters;
- co-sponsors (including other third-party managed pooled investment vehicles in which we or Global Personnel may hold an interest) or co-venturers;
- Senior Advisors (and the funds they manage); and
- other parties or consultants that assisted in sourcing or completing the transaction or provide other strategic value.

Depending on a Fund's Governing Documents, we sometimes also have the option to offer preferential access to co-investment opportunities on a systematic basis, including to our employees, other affiliated personnel or others (allowing, for instance, the investor to co-invest in an aggregate fixed dollar amount over the life of the Fund or in each Fund investment of a certain size or that has certain other characteristics). The exercise of these co-investment rights will limit the size of investment opportunities available to the Fund and the amount of co-investment opportunities available to other potential co-investors. We will offer co-investments pursuant to the procedures included in such Funds' Governing Documents and as described in the following paragraphs.

Subject to any restrictions contained in the Governing Documents of the relevant Global Vehicle or any side-letter or other terms negotiated with respect to such Global Vehicle, in general we have complete discretion to determine to whom we will offer and award co-investment opportunities. In particular,

- we give co-investment opportunities to
  - Global Investors;
  - Senior Advisors (and the funds they manage);
  - Global Personnel;
  - Co-Investment Vehicles;
  - prospective investors in one or more Funds;
  - consultants;
  - advisors;
  - strategic partners; or
  - other third parties;

- we generally are under no obligation to offer to Global Investors any co-investment opportunities;
- we can offer co-investment opportunities selectively to some Global Investors and not offer them to all Global Investors;
- allocations of co-investment opportunities between Global Investors generally will not correspond to their pro rata interests in the relevant Global Vehicle;
- we may agree to offer certain Global Investors preferential access to co-investment opportunities on a systematic basis (for example, by granting a Global Investor either the right to co-invest in each investment that meets specific criteria or a certain amount of co-investment opportunities over the life of the Global Vehicle), including in connection with broader strategic relationships or other arrangements where investors agree to invest in a Global Vehicle; and
- non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require us to notify the recipients of such acknowledgements if there is a co-investment opportunity.

While the criteria we use in making discretionary co-investment decisions vary from opportunity to opportunity, the most important factors are:

- certainty of funding—that is, whether the potential co-investor has the financial resources to provide the requisite capital in a timely fashion;
- certainty of execution—that is, the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-investment opportunity, including if any investor has granted TPG investment discretion in respect of its co-investments;
- any contractual obligations to provide co-investment opportunities and related remedies;
- the size of the potential co-investor’s actual or proposed commitment to Global Vehicles and the anticipated importance of the potential co-investor to future TPG fundraising campaigns;
- the ability of the potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills or insight; and
- the overall strategic benefit to the transaction, the Global Vehicle or TPG of offering a co-investment opportunity to the potential co-investor.

Other criteria that will from time to time be relevant include:

- the expertise of the potential co-investor with respect to the geographic location or business activities, asset class or industry of the prospective target company or Portfolio Investment;
- the investment objectives and existing portfolio of the potential co-investor;
- the tax, legal or regulatory constraints to which the proposed investment is expected to give rise;
- the reporting, public relations, competitive, confidentiality or other issues that may also arise as a result of the co-investment; and
- any other facts or circumstances that we deem appropriate or relevant.

We expect that these factors will lead us to favor some potential co-investors over others with respect to the frequency with which we offer them co-investment opportunities. We also expect to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors.

Our exercise of discretion in allocating investment opportunities among potential co-investors and in the manner discussed above often will not result in proportional allocations among such co-investors, and such allocations will likely be more or less advantageous to some relative to others. In addition, co-investments will not necessarily be made on the same terms as a Fund's investment in the Portfolio Investment. For example, co-investors generally pay no advisory fees or carried interest in connection with the co-investment, or pay them at a lower rate than the investors in the Fund or Funds with which they are co-investing. Co-investors may also acquire their interest in a Portfolio Investment at the same time as the Global Vehicles or purchase their interest from the applicable Global Vehicles after such Global Vehicles have consummated the investment in the Portfolio Investment (also known as a post-closing sell down or transfer). In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which a Fund is throughout the investment process. When co-investors purchase their interest from the Global Vehicle after the Global Vehicle has consummated the investment, the price paid by co-investors is typically determined by the Global Vehicle's general partner in its sole discretion. The price may not reflect the full cost incurred by the Global Vehicle in connection with the investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the Portfolio Investment (if applicable) or the risk borne by the Global Vehicle in connection with purchasing and warehousing the investment.

While we have not typically done so, we could charge investors up-front fees to participate in a co-investment (through TPG BD or otherwise) or other one-time or ongoing fixed and/or incentive-based compensation. To the extent we earn fees for placing co-investment interests, we would have an incentive to offer more co-investment opportunities through these channels, even if it would limit the amount of co-investment opportunities available to a Fund's limited partners.

In the event that we determine to offer an investment opportunity to co-investors, there can be no assurance that we will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for a Fund or that expenses incurred by a Fund with respect to the syndication of the co-investment will not be substantial. In the event that we are not successful in finding co-investors for a particular opportunity, a Fund may not be able to consummate such investment, and if consummated, the Fund will consequently have greater exposure to the related investment opportunity than was intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic or business conditions. Moreover, an investment by a Fund that is not syndicated to co-investors as anticipated could significantly reduce the Fund's overall investment returns.

#### *Allocation of Fees and Expenses for Broken Deals*

We employ the same procedures and principles as described above under “*Allocation of Investment Opportunities*” when allocating fees and expenses incurred in connection with “broken deals,” or potential investments that we actively consider but do not consummate. That is, we generally make fee and expense allocation decisions while a transaction is pending based on our best judgment of the Fund or Funds to which we will ultimately allocate the transaction. This judgment is necessarily subjective, especially when a transaction is terminated at an early stage. When we abandon an opportunity, absent a factual development to the contrary, we will allocate the fees and expenses for such transaction to such Fund or Funds. The allocations of fees and expenses among Funds may not be proportional. For example, to the extent one or more Funds were involved in a broken deal, the fact that the Funds at times have different expense reimbursement terms, including with respect to advisory fee and similar offsets, could result in the Funds bearing different levels of expenses with respect to the same investment. As discussed above in Item 5, in certain instances we will evaluate investment opportunities that, if consummated, we would likely offer in part to prospective co-investors. If such a potential investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment and co-investment (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) will typically be borne entirely by the applicable Fund (and any other Funds that would have participated in such investment), rather than by any such prospective co-investors.

The financial position of the relevant Funds may give us an incentive to allocate such fees and expenses to one such Fund and not another. For example, it would be advantageous to allocate broken deal fees and expenses to a Fund that is not expected to pay carried interest to its general partner, as the fees and expenses would not affect the amount of carried interest paid—it would be zero in any case. Conversely, it typically would be disadvantageous as an economic matter to allocate broken deal fees and expenses to a Fund that is paying carried interest, as doing so would delay and reduce the amount of carried interest paid to the relevant general partner. As with our other allocation decisions, our allocation procedures and principles are designed to help mitigate the risk that financial incentives implicitly influence the allocation of broken deal fees and expenses.

### *Allocation of Other Fees and Expenses*

From time to time, we determine whether to allocate certain other fees and expenses among Global Vehicles and TPG. In exercising our discretion to allocate such fees and expenses, we face a variety of potential conflicts of interest. We will generally allocate fees and expenses to be split between us, the TPG Management Companies, the Global Vehicles and/or Portfolio Investments, in each case in accordance with the Global Vehicles' Governing Documents. To the extent not addressed in the Governing Documents, we generally will allocate such fees and expenses in our sole discretion, in each case in good faith using our best judgment. Because certain expenses are paid for by a Global Vehicle and/or its Portfolio Investments or, if incurred by us, are reimbursed by a Global Vehicle and/or its Portfolio Investments, we will not necessarily seek out the lowest cost options when incurring (or causing a Global Vehicle or its Portfolio Investment to incur) such expenses.

A Global Vehicle may sell down an interest in its Portfolio Investments to co-investors. Subject to the applicable Governing Documents, we may charge (or may decide not to charge) a co-investor (such as a Global Investor or third party) interest costs for the time period between the closing of the applicable Global Vehicle's investment in a Portfolio Investment to the date of the transfer of interests in such Portfolio Investment to the applicable co-investor.

Please see "*Resolution of Conflicts*" above for a description of the means by which we and our related persons may seek to alleviate conflicts of interest among the Global Vehicles or other accounts or persons.

### *Allocation of Secondary Transfer Opportunities*

To the extent we have discretion over a secondary transfer of interests in a Global Vehicle pursuant to such Global Vehicle's Governing Documents, or if we are asked to identify Global Investors or third parties that could potentially acquire an interest being transferred, we will consider the factors listed above under "*Allocation of Co-Investment Opportunities*" in exercising such discretion or making such identification.

### *Conflicts Related to Transactions with Other Global Vehicles*

In certain rare instances, we may cause a Global Vehicle to purchase investments from another Global Vehicle, or we may cause a Global Vehicle to sell investments to another Global Vehicle. In connection with such transactions, we and/or our professionals may

- have significant investments or intentions to invest in the Global Vehicle that is selling and/or purchasing such an investment; or
- otherwise have a direct or indirect interest in the investment (such as through certain other participations in the underlying investment).

We may receive management or other fees in connection with our management of the relevant Global Vehicles involved in such a transaction or in connection with the transaction itself, and may also be entitled to share in the investment profits of the relevant Global Vehicles. We and our professionals would be presented with certain conflicts of interest in effecting these transactions.

To address these conflicts of interest, we will seek to cause a Global Vehicle to engage in such transactions only if we determine that the terms and conditions of such transaction are substantially as advantageous to such Global Vehicle as the terms it would obtain in a comparable arm's-length transaction with a third party. For additional information regarding transactions between Global Vehicles, including a discussion of related conflicts of interest, please see Item 12, under "*Cross Transactions*."

#### *Conflicts Related to Investing Alongside Other Global Vehicles*

From time to time, a Global Vehicle and one or more other Global Vehicles make investments in the same company or asset. While typically Global Vehicles would make and exit any such investment on the same general terms, differences between such Global Vehicles, including their respective terms, investment periods, structures and investment strategies, could result in the relevant Global Vehicles making or exiting their investments at different times, at different effective prices or with differing costs or terms. For example, a Global Vehicle may invest in the publicly traded securities of another Global Vehicle's Portfolio Investment, including by purchasing these securities in an initial public offering, in a secondary offering by the Global Vehicle or in the open market. One Global Vehicle's view of the investment and its interests may diverge from those of the other Global Vehicle. This could cause one Global Vehicle to dispose of, increase its exposure to or continue to hold the investment at a time when the other Global Vehicle has taken a different approach. As a result, the actions of one Global Vehicle could affect the value of the other Global Vehicle's investment. For instance, a sale by one Global Vehicle of its investment could put downward pressure on the value of the other Global Vehicle's interest, which the latter Global Vehicle has opted to hold longer term. Each Global Vehicle is under no obligation to act in a way that furthers or protects the interests of the other Global Vehicle. One Global Vehicle could earn a return on its investment that exceeds the other Global Vehicle's return.

A Global Vehicle will from time to time invest in opportunities that other Global Vehicles have declined, and likewise, a Global Vehicle will from time to time decline to invest in opportunities in which other Global Vehicles have invested.

Our employees and related persons have made, and expect in the future to make, capital investments in or alongside certain Global Vehicles, or in prospective Portfolio Investments directly or indirectly, and therefore have additional conflicting interests in connection with these investments.

#### *Conflicts Related to Investing in Different Levels of the Capital Structure*

The Global Vehicles invest in a broad range of asset classes throughout the corporate capital structure, including loans and debt securities, preferred equity securities and common equity securities; certain Global Vehicles also engage in short selling. Accordingly, it is possible that one Global Vehicle will hold an interest in one part of an investment's capital structure while another Global Vehicle holds an interest in another; similarly, a Global Vehicle may be "long" a company that another Global Vehicle is "short." Decisions taken by one Global Vehicle in these circumstances to further its interests may be adverse to the interests of the other Global Vehicle.

For example, a Global Vehicle could acquire a significant equity stake in a company whose debt securities are already held by another Global Vehicle. As a creditor of the company, the other Global Vehicle could take actions, consistent with its obligations to maximize the return to its investors, that would be adverse to the interests of the first Global Vehicle as a holder of more junior securities. The other Global Vehicle, for instance, could cause the acceleration of the Portfolio Investment's debt or exercise other rights it has that could precipitate a sharp decline in the value of the equity held by the first Global Vehicle. The other Global Vehicle would be under no obligation to take any action or refrain from taking any action to prevent or mitigate any losses by the first Global Vehicle.

Conflicts may arise in determining the terms of investments, especially when we control the structure of a transaction and its capitalization. For example, if a Global Vehicle is investing in debt securities, it would have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than another Global Vehicle, as an equity owner, would desire. In addition, a Global Vehicle may participate in releveraging and recapitalization transactions involving Portfolio Investments in which other Global Vehicles have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the investment or purchasing securities with terms that are more or less favorable than the prevailing market terms. Investments by more than one of our clients in a Portfolio Investment also raise the risk of using assets of one of our clients to support positions taken by other clients of ours. While expected to be very infrequent, similar conflicts could arise to the extent that TPG BD holds securities of a Portfolio Investment.

#### *Conflicts Related to Other Investments by Global Vehicles*

A Global Vehicle occasionally invests in a competitor or customer of, or service provider or supplier to, a Portfolio Investment of another Global Vehicle. In addition, Global Personnel may serve as directors, or otherwise be associated with, companies that are competitors of Portfolio Investments of certain Global Vehicles. These circumstances would give rise to a variety of conflicts of interest. For example, a Global Vehicle or its Portfolio Investments may take actions for commercial reasons that have adverse consequences for another Global Vehicle or its Portfolio Investment, such as seeking to increase its market share at the latter Global Vehicle Portfolio Investment's expense (as a competitor), withdrawing business from the latter Global Vehicle Portfolio Investment in favor of a competitor that offers the same product or service at a more competitive price (as a customer), increasing prices in lock-step with other enterprises in the industry (as a supplier) or commencing litigation against the latter Global Vehicle Portfolio Investment (in any capacity). Another Global Vehicle may also obtain information while dealing with its Portfolio Investment that it is prohibited from acting on or disclosing to another Global Vehicle or its Portfolio Investment as a result of confidentiality requirements or applicable law, even though such action or disclosure would be in the latter's interests. In addition, to the extent not restricted by confidentiality requirements, we generally will apply the experience obtained by managing the Global Vehicles to benefit other Global Vehicles. Global Vehicles are under no obligation to take into account the other Global Vehicles' interests in advising their Portfolio Investments or otherwise managing their assets.



### *Conflicts Arising from Other Investment Activities of the Global Vehicles – Possession of Material Non-Public Information*

The Global Vehicles regularly obtain non-public information regarding target companies and other investment opportunities. Since TPG does not currently maintain permanent information barriers among most of its businesses, we generally impute non-public information received by one investment team to all other investment professionals, including all of the personnel who make Global Vehicle investments. In the absence of an information barrier, if a Global Vehicle receives non-public information with respect to a company, other Global Vehicles would face, as a result of securities law prohibitions on trading on the basis of material non-public information, restrictions on their ability to pursue a transaction with that company or dispose of an investment. Moreover, the confidentiality agreements other Global Vehicles enter into often include provisions, such as “standstills,” that could prevent the Global Vehicles from making an investment, potentially for extended periods.

In addition, some Global Vehicles regularly trade securities and debt instruments in the secondary market. In the absence of information barriers, a Global Vehicle’s receipt of non-public information on a particular company would, as a result of securities laws or applicable industry conventions (such as with respect to secondary loan trading), generally restrict the trading activities of these other Global Vehicles with respect to that company. Moreover, certain Governing Document provisions could impair another Global Vehicle’s ability to trade the securities or debt instruments of a company if another Global Vehicle invests in that company. In certain circumstances, a Global Vehicle may have an incentive to avoid taking actions that would impede the operation of another Global Vehicle. For example, a Global Vehicle may decline to receive non-public information on a company or otherwise pursue an investment opportunity if doing so would prevent other Global Vehicles from trading securities or debt instruments currently in their portfolio or of interest to them.

In limited circumstances, we erect temporary information barriers to restrict the transfer of non-public information between Global Vehicles to avoid the restrictions described in the preceding paragraphs. In these instances, however, a Global Vehicle’s ability to benefit from our expertise outside any such barrier will be limited. In addition, in the event that a temporary information barrier designed to protect a Global Vehicle is breached, even if inadvertently, the Global Vehicle will likely face the same restrictions on its investment activities as it would have faced had the temporary information barrier not been established in the first place.

### *Conflicts Arising from Other Investment Activities of the Global Vehicles – Walled-Off Businesses*

While TPG generally allows for information to flow freely among its investment platforms, TPG has placed certain discrete businesses behind information barriers and hired separate teams to manage them. Given that we have “walled off” these businesses from TPG’s other businesses, they generally do not have access to information about the Global Vehicles and their investments and have different day-to-day management from the Global Vehicles. Accordingly, these “walled-off” businesses may not be subject to certain restrictions otherwise applicable to affiliates under certain Global Vehicles’ Governing Documents.

### *Conflicts Arising from Other Investment Activities of the Global Vehicles – Certain Bankruptcy Implications*

Global Vehicles will in many cases own a significant or controlling percentage of the common equity of Portfolio Investments, which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such Portfolio Investments and the participating Funds and other relevant factual circumstances, could result in an extension to one year of the ninety-day bankruptcy preference period with respect to payments made to a Global Vehicle and/or subordination of its claims to other creditors and/or recharacterization of debt claims into equity claims. In addition, due to equity ownership, representation on the boards of directors and/or contractual rights, as applicable, the Global Vehicles will typically be deemed to control, participate in the management of or influence the conduct of Portfolio Investments. The effect of these relationships will vary from jurisdiction to jurisdiction. These factors could expose the assets of a Global Vehicle to claims by a Portfolio Investment, its security holders, its creditors or governmental agencies.

If a Global Vehicle purchases in the secondary market at a discount debt securities of a company in which a Global Vehicle has, for example, a substantial equity interest, (i) a court might require a Global Vehicle to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (ii) a Global Vehicle might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

We may serve on committees in proceedings under Chapter 11 of the U.S. Bankruptcy Code or prior to such filings, and this involvement, for which we may be compensated, may limit or preclude the flexibility that the Global Vehicles would otherwise have to make investments.

### *Conflicts Relating to the Use of Leverage*

Certain Global Vehicles utilize various forms of leverage in connection with their investments and operations. The use of borrowed funds creates the opportunity for greater total returns and allows us to better manage a Global Vehicle's cash flows, but at the same time involves risks and potential conflicts of interest. We describe certain of the significant risks and conflicts below.

#### Fund-Level Borrowing

##### *Governing Document Parameters for Fund-Level Borrowing*

From time to time, Global Vehicles, directly or indirectly, borrow funds or enter into other financing arrangements to

- pay expenses (including advisory fees),
- make or facilitate new or follow-on investments,
- make payments under guarantee, surety or hedging transactions,

- fund the payment of any withholding or other tax on behalf of or with respect to any investor,
- cover any shortfall in capital contributions resulting from default, excuse or exclusion, and
- make or facilitate distributions of proceeds from investments.

We refer to these borrowings generally as “fund-level borrowing.” Governing Documents generally permit Global Vehicles to borrow for these purposes subject to certain exceptions and restrictions. Typically, a Fund (or one or more Fund special purpose vehicles) enters into one or more credit facilities (commonly referred to as “subscription lines”) as credit parties. In the following discussion, we refer to these collectively as the “credit facility.” The general partner of the Fund determines the credit facility’s administrative agent, lenders and terms (and any amendment, extension, refinancing, replacement or termination of the credit facility) without seeking the consent of the Fund’s investors or the advisory committee. Credit facilities typically allow revolving borrowings up to a specified principal amount that will be determined based in part on the Fund’s capital commitments and the creditworthiness of each Fund investor. Lenders may provide a Fund varying levels of credit, or no credit at all, for different investors, but all Fund investors would generally still participate in the benefits and risks associated with a credit facility’s use as described below. Generally, credit facilities provide for a specified maturity date, but a lender may have the ability to demand early repayment in the event of a default. The Fund typically pays interest on amounts borrowed under the credit facility and also pays a fee on the undrawn portion of the credit facility. Funds customarily pay a one-time fee for establishing the credit facility as well as certain other one-time and recurring fees and/or expenses.

Amounts borrowed under the credit facility are generally secured by pledges of our right to call capital from, and the right of the Fund to receive amounts funded by, investors. The credit facility may also be secured by other collateral, including the Fund’s investments, and any investor claim against the Fund would likely be subordinate to the Fund’s obligations to the credit facility’s creditors. While Funds tend to be the only Global Vehicles to engage in fund-level borrowing, the following discussion assumes that Co-Investment Vehicles also borrow from time to time.

Utilizing borrowed funds in advance or in lieu of calling capital affords us flexibility to manage cash flows to and from a Global Vehicle’s investors and ease the investors’ burden of responding to multiple capital calls. It also allows a Global Vehicle to act more quickly on investment opportunities, since the period of time to draw capital under a credit facility is typically shorter than the period required for calling capital from investors. However, as discussed below, utilizing borrowed funds involves risks and conflicts of interest.

#### *Certain Risks and Costs of Fund-Level Borrowing*

Fund-level borrowing gives rise to risks and costs. For example, because amounts borrowed under a credit facility are typically secured by pledges of our right to call capital from a Global Vehicle’s investors and, in limited circumstances, may also be secured by other Global Vehicle assets, a lender may foreclose on the pledged collateral, including the investors’ capital commitments and, only if applicable, the Global Vehicle’s investments, if the Fund fails to repay the amounts borrowed under a credit facility or experiences another event of default. Moreover, any investor

claim against the Global Vehicle would likely be subordinate to the Global Vehicle's obligations to the credit facility's creditors.

In addition, fund-level borrowing will result in incremental partnership expenses that will be borne by the Global Vehicle's investors. These expenses include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of the credit facility, an upfront fee for establishing a credit facility and other one-time and recurring fees and/or expenses. Because the credit facility's interest rate is based in part on the creditworthiness of all the Global Vehicle's underlying investors and the terms of the applicable Governing Documents, it may be higher than the interest rate a single investor could obtain individually. To the extent a particular investor's cost of capital is lower than the Global Vehicle'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, as described below.

A credit agreement may contain other terms that restrict the activities of the Global Vehicle and the investors or impose additional obligations on them. For example, the credit facilities may impose restrictions on the ability of the Global Vehicle's general partner to consent to the transfer of an investor's interest in the Global Vehicle. In addition, in order to secure the credit facility, we may request certain financial information and other documentation from investors to share with lenders. We often have significant discretion in negotiating the terms of any credit facility and may agree to terms that are not the most favorable to one or all investors.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a credit facility allows us to fund investments and pay Global Vehicle 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 the credit facility could cause liquidity concerns for investors that would not arise had we called smaller amounts of capital incrementally over time as needed by the Global Vehicle. 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. We may also utilize fund-level borrowing when we expect to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital at a Portfolio Investment. If we are ultimately 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 in a declining market.

#### *Our Incentives to Engage in Fund-Level Borrowing*

We have incentives to engage in fund-level borrowing notwithstanding the expense and risks that accompany it. For example, we intend to present certain performance metrics, such as certain net internal rates of return and net multiples-of-money, in the Global Vehicle's periodic reports and marketing materials for other Global Vehicles. These performance metrics measure investors' actual cash outlays to, and returns from, the Global Vehicle and thus depend on the amount and timing of investor capital contributions to the Global Vehicle and Global Vehicle distributions to investors. To the extent the Global Vehicle uses borrowed funds in advance or in lieu of calling capital, investors make correspondingly later or smaller capital contributions. Also, borrowing to

facilitate distributions of proceeds from an investment enables investors to receive distributions earlier. As a result, the use of borrowed funds generally results in the presentation of higher performance metrics than simply calling capital, even after accounting for the attendant interest expense.

Fund-level borrowing can also affect the return investors in a Global Vehicle must receive before the Global Vehicle's general partner accrues carried interest (the "preferred return"), as well as the carried interest the general partner receives, as preferred return and carried interest generally depend on the amount and timing of capital contributions and distributions of proceeds. In particular, the preferred return typically begins to accrue after capital contributions are due (regardless of when a Global Vehicle borrows, makes the relevant investment or pays expenses) and ceases to accrue upon return of these capital contributions. Using borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. Since a Global Vehicle generally does not pay preferred return on funds borrowed in advance or in lieu of calling capital, fund-level borrowing will therefore reduce the amount of preferred return to which a Global Vehicle's investors would otherwise be entitled had we called capital, and thus could allow the Global Vehicle's general partner to receive carried interest sooner than it would without borrowing.

Similarly, certain Global Vehicles' carried interest rate is based in part on a net internal rate of return calculation. The net internal rate of return of the Global Vehicles for these purposes also depends on the timing of actual investor capital contributions and not of the Global Vehicle's deployment of capital. As a result, if we borrow money in lieu of issuing capital calls, the applicable carried interest rate may be higher than it would be had we not used borrowings. We therefore have an incentive to cause the Global Vehicle to borrow money for investments and expenses in larger amounts or over longer periods of time.

#### *Impact on Advisory Fee Calculation*

The advisory fee payable by investors in certain Global Vehicles depends on the amount of the investors' "actively invested capital" or "actively invested capital contribution." An investor's "actively invested capital" or "actively invested capital contribution" generally include amounts we borrow to fund all or part of an investment in lieu of calling capital. Therefore an investor would generally pay advisory 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.

#### Other Forms of Financing

In addition to fund-level borrowing, we may utilize leverage at the level of a Portfolio Investment or a special purpose vehicle formed to invest in or hold one or more Portfolio Investments. Borrowings by entities other than a Global Vehicle that are generally not directly or fully recourse to a Global Vehicle in the ordinary course will generally not constitute fund-level borrowing for the purpose of applying the Governing Documents' limitations on borrowings.

Global Vehicles invest from time to time in Portfolio Investments whose capital structures have significant leverage. Although we seek to use leverage in a prudent manner, the leveraged capital structure of investments increases the exposure of the Portfolio Investments to adverse economic

factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Portfolio Investments or their industries. The incurrence of significant indebtedness could also subject Portfolio Investments to restrictive covenants, terms and conditions, the violation of which would be viewed by creditors as an event of default and which could require the prepayment of debt using excess cash flow. Any such restrictive covenants, terms and conditions could also limit such Portfolio Investments' ability to respond to changing industry conditions, make necessary capital expenditures, obtain additional financing, take advantage of growth opportunities or engage in strategic acquisitions.

A special purpose vehicle a Global Vehicle forms to hold one or more investments may also engage in borrowing. For example, a special purpose vehicle could enter into a "margin loan" whereby it borrows money from a bank (distributing the proceeds to the Global Vehicle for further distribution to investors) and pledges the shares of the underlying Portfolio Investment (or other asset) as collateral for the loan. Under these arrangements, the special purpose vehicle would typically be subject to a margin call if the value of the underlying assets decreases significantly. In order to meet the margin call, the special purpose vehicle would need additional assets to avoid foreclosure. Even if the margin loan is not recourse to the Global Vehicle, we may have the Global Vehicle contribute additional capital to the special purpose vehicle to avoid adverse consequences to the investment, including foreclosure on the collateral at a lower valuation.

A Global Vehicle may enter into guarantees or other forms of surety with respect to the indebtedness of third parties, including Portfolio Investments. In these circumstances, the creditor typically would have recourse to the Global Vehicle to satisfy the obligations of the third party. These arrangements pose many of the same risks and conflicts associated with fund-level borrowings. Although Governing Documents typically cap a Global Vehicle's ability to enter into such guarantee or surety arrangements, the caps are generally incremental to the fund-level borrowing limits.

In addition, a Global Vehicle may enter into contractual arrangements, including deferred purchase price payments, staged funding obligations, earn outs, milestone payments, equity commitment letters and other forms of credit support and other contractual undertakings such as indemnification obligations or so-called "bad-boy" guarantees, that obligate it to fund amounts to special purpose vehicles, Portfolio Investments or other third parties. Such arrangements may not constitute borrowings or guarantees under the applicable Governing Documents and may not be subject to the related caps, even though these arrangements pose many of the same risks and conflicts associated with the use of leverage that the caps intend to address.

### Cross-Default

Global Vehicles and related vehicles, including parallel investment entities and lockstep vehicles, may engage in fund- or asset-level financing whereby (i) the Global Vehicle and/or such vehicles are jointly responsible on a cross-collateralized basis for the repayment of the financing and/or (ii) the commitments of investors in the Global Vehicle and/or such vehicles are pledged to secure the financing obtained for the benefit of such other vehicles. When we call capital to satisfy the indebtedness, a Global Vehicle investor may contribute in excess of its pro rata share of the indebtedness if other Global Vehicle investors or the investors in the related vehicles fail to honor their commitments. While we intend for the Global Vehicles, where appropriate, to enter into back-

to-back agreements with related vehicles in respect of certain types of credit support, a Global Vehicle would still be subject to the risk of default by such other vehicles.

Similarly, to the extent a Global Vehicle invests in the same or related assets as another Global Vehicle, we may structure the investment financing so that the Global Vehicle is jointly and severally liable for the financing with the other Global Vehicle. We expect this to arise, for example, if a Global Vehicle and another Global Vehicle were to invest in the same Portfolio Investment and provide a joint and several guarantee for its indebtedness. Joint and several liability could result in a Global Vehicle repaying all, or more than its proportionate share, of the indebtedness, exacerbating some of the risks and conflicts described above.

In addition, a Global Vehicle may utilize indebtedness to pay for deposits or other investment expenses and costs in advance of the final determination of the investment allocations among the Global Vehicle and other Global Vehicles. In such a circumstance, although the other Global Vehicles would be expected to repay the Global Vehicle for their portion of these amounts (including related interest expense) in the event they ultimately participate in the investment, the Global Vehicle would be subject to risk of default by the other Global Vehicles. Similarly, a Global Vehicle may utilize indebtedness for purposes of warehousing co-investment opportunities. As described above under “*Co-Investment Warehousing*” and “*Allocation of Co-Investment Opportunities*,” this presents additional risks and conflicts of interest.

#### Tax Effects

To the extent a Global Vehicle borrows or is deemed to borrow for U.S. federal income tax purposes, it may lead to adverse tax consequences for U.S. tax-exempt investors.

#### *Conflicts Relating to Interests in Non-Affiliated Entities*

The Governing Documents’ provisions that relate specifically to our affiliates do not apply to companies, funds or other entities that are not, or are no longer, our affiliates for purposes of the Governing Documents, even if TPG and/or its personnel have significant economic interests and/or non-controlling governance rights in such entities. For example, TPG and its personnel enter into joint ventures or similar arrangements with unaffiliated fund managers that entitle us or our personnel to material amounts of carried interest, management fees and other economics related to the funds they manage and their other activities. We and/or our personnel also often have minority governance rights in these ventures, such as information rights and veto, change of control and other protections. We expect to assist these fund managers and their sponsored funds with their fundraising and investment activities, including by offering them the opportunity to co-sponsor, or co-invest in, Fund investments, potentially on more favorable terms than we offer others. A Global Vehicle may also transact directly with unaffiliated fund managers and their sponsored funds, including in relation to the purchase or sale of fund assets. In addition to investing in unaffiliated fund managers, we and/or our personnel expect to acquire economic interests and minority governance rights in other companies, including those that provide services to, and receive compensation from, a Global Vehicle and/or its Portfolio Investments. Transactions by a Global Vehicle or its Portfolio Investments with or alongside non-affiliated entities generally would not be subject to certain Governing Document restrictions or conditions otherwise applicable to transactions with affiliates, regardless of whether they are on arms’-length terms.

Similarly, any fees or compensation a Global Vehicle or its Portfolio Investments pays to such entities would not offset the Global Vehicle's advisory fees even if we and/or our personnel have an indirect material economic interest in the entities. In addition, investment opportunities sourced by these ventures generally would not be subject to a Global Vehicle's "duty to offer" provisions, which only apply to investments presented to our affiliates, notwithstanding the role our employees play in evaluating and consummating such investments.

On May 1, 2020, TPG and Sixth Street Partners announced a mutual agreement to amend their relationship and formally operate as independent, unaffiliated businesses. While Sixth Street Partners and its clients are no longer our affiliates, including for purposes of the Governing Documents (and its funds are not "Funds" for purposes of this brochure), TPG has retained a passive minority economic interest in Sixth Street Partners, and will provide it certain transition services, such as IT, accounting, and human resources services. In addition, certain TPG compliance personnel will be shared with Sixth Street Partners to provide Sixth Street Partners with "control room" services, including those relating to pre-clearance of personal securities trading and maintenance of the Sixth Street Partners restricted list. The two firms have erected an information barrier that prevents the sharing of information between each other. As a result, we believe the opportunity for a conflict of interest to arise between TPG and Sixth Street Partners is in many cases eliminated. Nonetheless, these ongoing business arrangements, as well as the close business relationship TPG has built with Sixth Street Partners across an eleven-year partnership, including certain legacy investments that TPG's funds and Sixth Street Partners' funds previously invested in alongside one another, could continue to present at least an appearance of conflicts of interest between Sixth Street Partners and TPG, including of the type we highlight in this section and specifically as described in the preceding paragraph. Additional examples of potential conflicts include the possibility that a Sixth Street Partners fund will from time to time invest in a competitor of a Global Vehicle's Portfolio Investment or in a different part of the capital structure of a Global Vehicle's Portfolio Investment, giving rise to some extent to the same conflicts described above under "*Conflicts Related to Other Investments by Global Vehicles*" and "*Conflicts Related to Investing in Different Levels of the Capital Structure*," respectively. Certain additional conflicts we discuss in this Item 11 could also continue to arise to some degree, including, for example, those described under *Item 11 – "Diverse Membership;" "Conflicts Relating to Services Provided by Related Persons;" "Platform Companies;" "Conflicts Arising from Interactions with Portfolio Investments;" "Conflicts Related to Transactions with Other Global Vehicles;" "Conflicts Related to Investing Alongside Other Global Vehicles;" "Conflicts Arising from Business with Certain Investors;" "Conflicts Related to Legal Counsel and Other Service Providers Engaged by Global Vehicles;" "Allocation of Co-Investment Opportunities;" "Conflicts Arising from Other Investment Activities of the Global Vehicles – Certain Bankruptcy Implications;" "Conflicts Relating to Rates of Third-Party Advisors and Other Service Providers"*.

#### *Conflicts Relating to Activities and Compensation of TPG Operations Professionals*

We engage operations professionals to assist our investment teams in creating value in our portfolio. Some of these professionals are TPG employees and others are consultants. The



activities and compensation of these individuals vary depending on whether they are Operations Group professionals, Field Operations professionals or Senior Advisors:

- The TPG Operations team (sometimes referred to as the Business Building Team) is generally comprised of Operations Group professionals and Field Operations professionals.
  - Our Operations Group professionals are TPG employees who provide asset class- or industry-specific senior-level engagement with Portfolio Investments and also work directly with our deal professionals on new deal diligence. They typically receive cash compensation from us, and we may also grant them carried interest in Global Vehicles. As described below (see “*Providers of Specialized Operational Services to Portfolio Investments*”), we may receive reimbursement for the compensation and related expenses associated with Specialized Operational Services performed by members of our Operations Group, even though they are TPG employees.
  - Our “Field Operations” professionals have deep, specialized operating experience. Some of these professionals are sector specialists who focus on a particular industry or asset class. Field Operations professionals may be embedded within Portfolio Investments and given responsibility for narrowly defined initiatives that are part of a broader value creation plan, such as lean manufacturing, construction management, property management, sourcing, supply chain management or new product introduction. They sometimes also act as interim members of management for Portfolio Investments. These professionals typically have tailored compensation arrangements specific to their engagement. They can receive compensation from us or a Portfolio Investment, including equity grants from Portfolio Investments, depending on their individual arrangement and the services they provide. Most or all of our Field Operations professionals’ compensation is generally either paid or reimbursed by Portfolio Investments and Global Vehicles as a Specialized Operational Service Expense (as defined below), regardless of whether we engage them as employees or consultants. For more information about Specialized Operational Services, see “*Providers of Specialized Operational Services to Portfolio Investments*” below.
- Our “Senior Advisors” are consultants who generally have established industry and/or regional expertise and are available to assist us with transaction sourcing, due diligence, valuation, structuring, consulting and similar matters and to serve on the boards of directors of Portfolio Investments. We may also utilize other similar consultants with, for example, more narrow expertise. Senior Advisors and such other consultants typically have tailored compensation arrangements specific to their engagement. They can receive compensation in multiple forms, depending on their individual arrangement and the services they provide, including cash payments from us, a Global Vehicle or a Portfolio Investment, carried interest in the Global Vehicles, profits interests in a Portfolio Investment, equity or stock option grants from a Portfolio Investment, and fees and carried interest relating to a particular transaction. Compensation from Portfolio Investments to our Senior Advisors

and other consultants generally do not offset the advisory fees payable by investors in the related Global Vehicles.

We determine in our discretion whether to engage an operations professional as a TPG employee or as a consultant. Sometimes, an operations professional is initially engaged as a consultant and later transitions to employee status. Conversely, sometimes an operations professional is initially an employee and later becomes a consultant. Our determination regarding whether to engage an operations professional as either a TPG employee or a consultant may give rise to conflicts of interest because, in general, except with respect to Specialized Operational Services, the compensation costs for TPG employees are borne by us, whereas compensation costs for consultants may be paid by us, a Global Vehicle or a Portfolio Investment, as described above. Where an operations professional is performing Specialized Operational Services for a Global Vehicle or a Portfolio Investment, the Governing Documents of certain Global Vehicles allow us to be reimbursed for the costs of those services, regardless of whether the professional providing the service is a TPG employee or consultant.

#### *Conflicts Relating to Activities and Compensation of Senior Advisors*

We maintain business relationships with certain advisors and consultants who generally have established asset-class, industry and/or regional expertise and who we expect to assist or advise us with respect to transaction sourcing, due diligence, valuation, structuring, consulting or similar matters and to serve on the board of directors of, or in other similar capacities, with respect to, one or more of the Global Vehicles' Portfolio Investments; in some cases, these individuals are former TPG employees or otherwise have close business and personal relationships with TPG.

Senior Advisors are independent contractors. They are not our employees, even if most or all of their work is performed on our behalf or at our direction, they perform the same or similar activities as our employees or they have more access to and involvement in our business activities than other third-party consultants. Senior Advisors are generally not our affiliates for purposes of the Governing Documents and therefore typically are not subject to certain restrictions and conditions that relate specifically to our employees and affiliates. For example, a Global Vehicle may make payments to a Senior Advisor, and any fees Portfolio Investments pay to a Senior Advisor (such as sourcing fees or directors' fees) will not reduce the advisory fees payable by investors in the Global Vehicle, even if such amounts would reduce the advisory fee if they were paid to our affiliates. Furthermore, in the event we hire a Senior Advisor as an employee or otherwise elect to treat such person as our affiliate, any profits interests or other compensation amounts payable by a Portfolio Investment or a Global Vehicle to such Senior Advisor pursuant to an arrangement that was entered into prior to such Senior Advisor becoming our affiliate will not reduce the advisory fees payable by investors in the Global Vehicle. In some instances, Senior Advisors may provide operational services to Portfolio Investments. Moreover, Senior Advisors may make personal investments in Portfolio Investments alongside Global Vehicles, and Global Vehicles may invest in Portfolio Investments in which Senior Advisors hold existing material investments. Similarly, a Global Vehicle may co-invest in Portfolio Investments alongside funds that are managed by Senior Advisors or invest in Portfolio Investments in which such funds have an existing material investment.

We believe that the expertise of Senior Advisors will benefit the Global Vehicles. Relying on Senior Advisors, however, creates conflicts of interest. For example, we typically determine the amount of compensation that will be paid to Senior Advisors, but as described above under “*Conflicts Relating to Activities and Compensation of TPG Operations Professionals*,” Portfolio Investments or a Global Vehicle may ultimately pay or reimburse us for such compensation. The close business or personal relationships that some Senior Advisors have with us give us less incentive to negotiate with a prospective Senior Advisor for a lower level of compensation. The appropriate level of compensation for a Senior Advisor may be difficult to determine, especially if the expertise and services he/she provides are unique and/or tailored to the specific engagement. In addition, given that we (and not a Global Vehicle) otherwise pay the salaries of our employees, we have incentives to retain individuals as Senior Advisors instead of hiring them as employees, or to convert existing employees to Senior Advisors.

#### *Conflicts Relating to Activities and Compensation of Other Third Parties*

In addition to Senior Advisors, we will retain other third parties, such as accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons, consultants, asset managers, property managers, contractors, developers, leasing agents and servicers, to provide services to the Global Vehicles, including certain strategic partners as described in “*Conflicts Arising from Strategic Relationships*” below. These services may relate to sourcing, conducting due diligence on or developing potential investments, as well as structuring, managing, monitoring and disposing of investments. In many cases, these are the types of services that TPG employees could also provide or have in the past provided. Determining whether to engage a third party or a TPG employee gives rise to conflicts of interest because we generally bear, with the exception of certain in-house and Specialized Operational Services reimbursed to us under certain Governing Documents (see “*Item 5 – Fees and Compensation*”), the compensation costs of TPG employees who render these services, while amounts paid to third parties are typically an expense of the relevant Global Vehicle ultimately borne by its investors. We therefore have an incentive to retain third parties rather than hire additional TPG employees and to outsource to third-party service providers functions that TPG employees could perform or have previously performed.

Global Vehicles can invest through partnerships, joint ventures or other entities alongside one or more other operating partners or co-venturers (which we refer to collectively as “co-venturers”). Co-venturers may include the seller of a property, a person involved in the selling, identification, acquisition or management of an investment, an investor in a Global Vehicle, a partner or investor in another joint venture (or other vehicle that we control) or another third party. For their role in an investment, co-venturers may receive equity in the investment vehicle as well as payments, performance-based compensation and/or another form of interest (such as a profits interest or carried interest) from the investment vehicles (or the Global Vehicle) and such interests could result in significant payments to co-venturers. In these circumstances, we will treat these amounts as investment expenses and will not apply them to offset a Global Vehicle’s advisory fee, even if they have the effect of reducing any amounts, such as retainers, that we would otherwise bear.

We expect to perform services for partnerships or joint ventures in which a co-venturer has an interest. We may receive fees, expense reimbursements and other payments with respect to these services, including in respect of the co-venturer’s interest. Any fees, reimbursements, or other payments we receive in respect of a co-venturer’s interest (that is, in addition to a Global Vehicle’s

allocable share of such fees and reimbursements) generally would not offset the Global Vehicle's advisory fee.

In addition to relying on third parties generally as described above, we expect the Global Vehicles to engage third parties (including as co-venturers) to assist with the acquisition, development, construction, renovation or operation of its Portfolio Investments. In many cases, these are services that TPG employees could provide or in the past have provided. The Global Vehicles may pay to these third parties, in addition to any equity or other investment-related compensation, any related development fees, incentive fees, promotes, carried interest, acquisition fees, asset and other advisory fees, and other amounts. When a Global Vehicle pays these amounts to unaffiliated third parties (including co-venturers), the Global Vehicle's advisory fee will not be reduced. As such, the cost to the investors in the Global Vehicle of engaging third parties for these purposes is generally higher than the cost of relying on TPG professionals or other affiliates.

When a Global Vehicle makes an investment through a joint venture, it may also rely on a third-party property manager to manage or operate the underlying properties on a day-to-day basis. The return on such an investment will therefore depend in large part on the ability of the third-party manager to operate, lease or improve the properties on economically favorable terms. A property manager may provide management and leasing services to properties owned by others (including other Global Vehicles) that compete with the Global Vehicle's investment. In these circumstances, the interests of the Global Vehicle's investment could conflict with those of the properties owned by third parties, and the property manager may have an incentive, by virtue, for example, of the manner in which it is compensated, to favor the third party over the Global Vehicle.

#### *Conflicts Relating to Rates of Third-Party Advisors and Other Service Providers*

As described above, the Global Vehicles and their Portfolio Investments will retain or pay for advisors and service providers, including accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons, consultants, asset managers, property managers, co-venturers, contractors, developers, leasing agents and servicers. Some of these advisors and service providers also provide services to or have other relationships with TPG. While we will generally seek to engage advisors and service providers on behalf of the Global Vehicles and their Portfolio Investments on the basis of the quality of the advice and other services provided, these relationships may influence our decision to select or recommend an advisor or service provider to perform services for the Global Vehicles or their Portfolio Investments (the cost of which will generally be borne directly or indirectly by the Global Vehicles or their Portfolio Investments, as applicable). In certain circumstances, advisors and other service providers may charge rates or establish other terms for advice and services provided to TPG, other Global Vehicles or any of their respective affiliates or Portfolio Investments that are different from and more favorable than those charged in respect of advice and services provided to the Global Vehicles and their Portfolio Investments. Moreover, whereas we typically negotiate on a matter-specific basis the rates or amounts payable for such services, the Funds or their Portfolio Investments may sometimes pay higher rates or amounts than we would for such services.

As noted in Item 5, certain Portfolio Investments of Global Vehicles are also, or have been, counterparties or participants in agreements, transactions or other arrangements that involve payments, discounts, reimbursements or other benefits to us or our affiliates. For example, we

afford Portfolio Investments the option to participate in a program with us, our affiliates and other Portfolio Investments pursuant to which one of our affiliates negotiates favorable procurement arrangements. We and our affiliates, together with participating Portfolio Investments, receive the favorable procurement terms, which we are able to secure due in part to the involvement of our Portfolio Investments. This program is a Specialized Operational Service provided to participating Portfolio Investments, and therefore our affiliates receive reimbursements designed to cover some or all of the cost of administering the program through the method described in “*Item 11—Providers of Specialized Operational Services to Portfolio Investments*” and such reimbursements are not subject to advisory fee offsets or otherwise shared with the Global Vehicles. Because the cost of administering this program is shared among our affiliates and the participating Portfolio Investments, we may disproportionately benefit from it by utilizing the favorable procurement arrangements to a greater degree than any of the participating Portfolio Investments and as a result of not all of the Portfolio Investments availing themselves of the benefits.

#### *Conflicts Arising from Service by Our Professionals on Portfolio Investment Boards of Directors*

Our professionals frequently serve on the boards of directors or in other similar capacities of Global Vehicles’ Portfolio Investments by virtue of the governance agreements we typically negotiate with Portfolio Investments in connection with an investment. While the interests of a Global Vehicle as a shareholder in a Portfolio Investment generally align with the interests of shareholders more broadly, it is possible that our professionals’ fiduciary duties to the Portfolio Investments and their shareholders as directors will conflict with the interests of the Global Vehicle. For example, it may be inconsistent with a director’s fiduciary duties to share information he/she receives regarding the relevant Portfolio Investment with other Global Vehicles even though that information would be beneficial to the other Global Vehicles.

#### *Conflicts Arising from Interests of Our Professionals in the Global Vehicles*

Our professionals generally participate indirectly in investments made by the Global Vehicles. While we believe this helps align the interests of our professionals with those of the Global Vehicles’ other investors and provides a strong incentive to enhance Fund performance, these arrangements also give rise to conflicts of interest. For example, our professionals have an incentive to influence the allocation of an attractive investment opportunity to the Fund in which they stand to personally earn the greatest return, although the involvement of a substantial number of professionals in our investment review process mitigates the ability of any single person to control an investment decision. Some of our professionals also have personal investments in entities that are not affiliated with us, which likewise gives rise to conflicts of interest. Our Code of Ethics generally requires Global Personnel to disclose such ownership interests periodically.

#### *Conflicts Arising in the Allocation of Our Professionals’ Time and Attention*

The success of a Global Vehicle will depend on our investment professionals’ ability to, among other things, source, underwrite, structure, complete, finance and manage investments, improve the operations, governance and performance of the companies and assets we acquire and exit investments at the appropriate time and at attractive valuations. To achieve those ends, our investment professionals will devote such time and resources to each Global Vehicle’s activities as we determine to be appropriate, consistent with the relevant Governing Documents. Our

professionals, however, also spend time assisting other Global Vehicles with their investment activities or working on other projects. In addition, our professionals expect to have responsibilities and duties to the firm generally. Conflicts therefore arise between the Global Vehicles with respect to the allocation of investment professional time and resources.

#### *Providers of Specialized Operational Services to Portfolio Investments*

We provide operational support, regulatory or legal support, specialized operations and consulting services and similar or related services to one or more Global Vehicles or Portfolio Investments in connection with the identification, acquisition, holding, operation and disposition of investments (including potential investments), either through our or our affiliates' professionals and employees (such as members of our Operations Group), or through the retention of other companies and individuals (such as Senior Advisors). We refer to such services as "Specialized Operational Services." These services include, for example:

- property management;
- asset management;
- development;
- construction;
- leasing;
- brokerage;
- mortgage and other financing;
- loan servicing (the foregoing with respect to TPGRE);
- support or analysis regarding a company's or a property's (as applicable):
  - management (including serving in management positions or participating in the determination of corporate strategy);
  - supply chain (including leveraged procurement and logistics/distribution networks);
  - marketing and sales strategy, pricing and sales force effectiveness;
  - data intelligence;
  - finance (including generating metrics and reporting and business restructuring);
  - human capital management (including recruiting personnel, management onboarding, identifying, curating and developing a network of talent and third-party

recruiting resources in anticipation of supporting Portfolio Investment recruiting efforts and determining executive/incentive compensation);

- information technology;
- corporate communications and public relations (including identifying, curating and developing a network of third-party public relations resources in anticipation of supporting Portfolio Investment corporate communications and public relations efforts);
- governmental affairs and relations;
- customer service;
- sustainability (including target setting and strategy, policy and reporting development);
- property management, development and other real estate matters;
- procurement programs (see “*Item 5 – Leveraged Procurement*”); and
- other similar operational services.

Occasionally, whether a service constitutes a Specialized Operational Service is not clear. In these instances, we will consider, in our sole discretion, a service a Specialized Operational Service if we determine that (i) third parties often provide such a service; (ii) it is a service requiring specialized operational experience or expertise; and (iii) it is performed by an individual or individuals with the relevant experience or expertise. For example, board services would not be Specialized Operational Services subject to reimbursement, as they are not operational services requiring specialized experience or expertise. Services such as establishing or assessing a leveraged procurement plan or developing a market survey designed to enhance market share would be types of Specialized Operational Services that would be subject to reimbursement, as these services require operational expertise. We engage TPG professionals to provide Specialized Operational Services when we believe that they more effectively drive value creation than independent service providers.

Specialized Operational Services will at times be provided in respect of Portfolio Investments prior to the closing of the Investment and to Global Vehicles in connection with their diligence of potential investments.

As noted in Item 5, Portfolio Investments and/or the Global Vehicles will reimburse the costs and expenses associated with Specialized Operational Services (“Specialized Operational Services Expenses”). Such reimbursements for Specialized Operational Services generally will not reduce the advisory fees charged to Global Vehicles, regardless of whether the Specialized Operational Services Expenses are incurred in connection with a Specialized Operational Services Provider who is our employee or affiliate. Specialized Operational Services Expenses will typically be determined in our discretion taking into account the particular Specialized Operational Services.

In the event Specialized Operational Services are provided with respect to more than one Global Vehicle, such Specialized Operational Services Expenses will generally be allocated among the relevant Global Vehicles pro rata in accordance with their respective investments unless another method is more equitable under the circumstances.

If a TPG employee provides the Specialized Operational Service, we generally determine the associated Specialized Operational Services Expenses by reference to the aggregate annual compensation paid to the employee (including benefits, profits interests, equity interests or other incentive-based compensation), plus an estimate of the overhead and other fixed costs allocable to the employee, and the amount of time spent by the employee providing the Specialized Operational Service. We use a similar formulation for calculating the reimbursement amounts for Specialized Operational Service provided by consultants such as Senior Advisors. As explained above under *“Conflicts Relating to Activities and Compensation of TPG Operations Professionals,”* these professionals typically have tailored compensation arrangements specific to their engagement that we negotiate with them in our discretion. Given the inherently specialized nature of such services, a limited market for such services exists, often setting no clear market guidelines on appropriate compensation. Although we intend operations professionals to be compensated at competitive rates, their compensation will not necessarily be determined through arm’s-length negotiation.

We have an incentive to retain our operations and business building professionals to provide Specialized Operational Services, even if retaining other providers would be as or more advantageous to the Portfolio Investment. In addition, possible providers of Specialized Operational Services may be investors in, provide goods or services to or have other relationships with the Global Vehicles, which in turn may influence our decision on whom to retain.

#### *Conflicts Arising from Customized Terms Provided to Certain Investors*

Investors increasingly expect to make investments in private investment funds on customized terms. We accommodate these expectations by entering into written agreements, which we refer to as “side letters,” with investors in connection with the formation of the applicable Global Vehicle. We may also provide customization by forming separate accounts for certain investors that would invest alongside the applicable Global Vehicle on terms that differ from those in the Global Vehicle’s Governing Documents. A side letter typically relates solely to an investor’s interest in a single Global Vehicle (*i.e.*, it does not relate to any other Global Vehicle) and allows the investor to make its investment in the Global Vehicle on terms that are different from, and usually more favorable than, those set forth in the relevant Governing Documents. These customized terms typically result in preferential treatment with respect to, among other things,

- the fee structure, including reduced or modified advisory fees and/or carried interest;
- the offering of co-investment opportunities;
- the ability to opt out of investments;
- the reporting obligations of the applicable Global Vehicle;



- consent rights with respect to certain amendments to documents that govern their rights and obligations and those of the applicable Global Vehicle;
- the right to transfer interests in the applicable Global Vehicle;
- the right to withdraw from the applicable Global Vehicle in the event of adverse tax or regulatory events;
- the right to appoint a representative to the advisory committee of the applicable Global Vehicle, if applicable, or other similar advisory groups;
- additional confidentiality protections or waiver of existing confidentiality obligations;
- the right to disclose certain information to underlying investors or to the public;
- the investor-specific information or documentation that the applicable Global Vehicle may otherwise provide to lenders, other financing sources or other third parties;
- structuring rights with respect to certain types of investments; or
- any other terms, whether economic, procedural or otherwise.

We will consider many factors in deciding whether to accord investors in Global Vehicles customized terms via a side letter and are more likely to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the Global Vehicle or that are anticipated to be important to future TPG fundraising campaigns;
- investors that have a broader strategic relationship with TPG;
- investors that are subject to specific legal, tax or regulatory requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

In general, no investor has any rights under the side letters of other investors. The Governing Documents of certain Global Vehicles, however, include a “most-favored nation,” or “MFN,” clause whereby an investor receives certain rights and benefits granted in certain other side letters with respect to the Global Vehicle. Except to the extent required by the Governing Documents of the applicable Global Vehicle, we have no obligation to offer any such additional rights, terms or conditions to any other investor in such Global Vehicles.

#### *Favorable Terms Provided to Affiliates and Related Persons*

The employees, business associates and other “friends of the firm” of TPG are typically able to invest directly or indirectly in Global Vehicles on terms that are more favorable than those offered to other investors. Such favorable terms may involve, among other things, a waived or reduced

advisory fee, and the waiver or reduction of other restrictions. The Global Vehicles have no obligation to disclose or offer such favorable terms to any other investor in the Global Vehicle, except to the extent required by the Governing Documents of the applicable Global Vehicle.

### *Diverse Membership*

The investors in a Global Vehicle are a diverse group that have different investment programs and are subject to different legal, tax and regulatory regimes. For example, investors generally will include taxable and tax-exempt entities and will be organized in various jurisdictions. The nature and diversification of the Global Vehicle's investments, as well as the manner in which it makes, structures, holds and exits them, may therefore lead to a more favorable legal, tax or regulatory outcome for some of its investors. In selecting investments appropriate for the Global Vehicle, we generally consider the investment objectives of the Global Vehicle as a whole, not the investment objectives of any of its investors individually. To the extent we are able to structure certain investments based in part on the investors' respective legal, tax and regulatory constraints, we will not take into account such interests as they relate to each individual investor. Each investor in a Global Vehicle generally bears its share of the costs associated with a structure designed to address the concerns of other investors regardless of whether that investor itself benefitted.

To address legal, tax, regulatory, accounting or similar considerations, we expect to structure certain Portfolio Investments so that some (if not all) investors hold their interests through one or more alternative investment vehicles ("AIVs"). While we generally expect that the economic and other substantive provisions governing any AIV will be substantially the same as those governing the applicable Global Vehicle (taking into consideration the legal, tax, regulatory, accounting or other impetus for the AIV structure), an investor's rights in, and the obligations and duties of the Global Vehicle's general partner as manager of, the AIV may differ from those applicable to such Global Vehicle by virtue of the AIV's specific terms or jurisdiction of organization. In addition, the structural attributes of certain AIVs may result in divergent return characteristics for certain investors. For example, we may elect to structure an AIV that results in favorable tax treatment for one set of investors but less favorable tax attributes for another.

In addition, investors in a Global Vehicle typically engage in a broad range of investment activities in addition to their investment in the Global Vehicle. Some investors may enter into various transactions relating to the Global Vehicle or its Portfolio Investments, such as co-investments alongside the Global Vehicle (see "*Allocation of Co-Investment Opportunities*"), financing transactions for Global Vehicle Portfolio Investments and the acquisition of interests in Portfolio Investments from the Global Vehicle. Provided that an investor is not otherwise our affiliate, these types of transactions generally do not require the consent of the Global Vehicle's advisory committee or investors more generally.

Investors that serve on a Global Vehicle's advisory committee (or similar body) will have interests that differ from, or conflict with, the interests of other investors due to different legal, tax or regulatory regimes, their interests in other Global Vehicles or their overall relationship with TPG (including direct or indirect economic interests in TPG-affiliated entities). The Governing Documents typically provide that each advisory committee member can take into consideration solely its interests in discharging its duties. Accordingly, the advisory committee can make decisions that benefit its members, the Global Vehicle or TPG, even if they are adverse to other

investors in the Global Vehicle. Similarly, investors in a Global Vehicle do not need to take into account the interests of other investors in voting on matters presented to partners more generally. In addition, we generally expect a Fund formed to invest alongside another Fund to have an advisory committee, but the advisory committee's consent may not be sought or required in cases where the matter relates to investments the Fund has made or is making alongside the other Fund and in which the interests of the Funds are generally aligned, as we determine in our reasonable discretion.

We have entered, and expect in the future to enter, into contractual arrangements established pursuant to broader strategic relationships with selected investors. Each such contractual arrangement is highly customized to reflect the specific broader strategic relationship between TPG and the particular investor, and may include

- formation of dedicated vehicles;
- significant historical, pending and/or future commitments to or other participation in TPG funds or other TPG entities;
- the right to be offered co-investment opportunities, and related economic terms, targets and remedies;
- discounted management fee, carried interest or other economic terms, targets and remedies;
- discounted management fee, carried interest or other economic arrangements; and
- knowledge sharing, training and/or secondment arrangements.

A contractual arrangement established pursuant to a broader strategic relationship between an investor and TPG is typically not extended to other investors under the “MFN” clause of Governing Documents. See *“Conflicts Arising from Customized Terms Provided to Certain Investors.”*

### *Platform Companies*

At times a Global Vehicle establishes or invests in Portfolio Investments that in turn seek to acquire interests in related companies or assets. We may structure these Portfolio Investments, which we refer to as “platform companies,” as operating joint ventures, holding companies, partnerships, structured finance vehicles, incubators, start-ups and other platform companies or other similar arrangements. A Global Vehicle may fund these companies up front or gradually over time. In the event a Global Vehicle makes such an investment, we generally would expect the Global Vehicle to monetize its interest in a platform company through a sale or public offering of the platform company (or the Global Vehicle's stake in the company) or through sales of the platform company's underlying assets.

While the Global Vehicle would, by virtue of the control it exercises over a platform company, typically be involved in the strategy, governance and oversight of any platform company (and we may provide services to the platform company, such as legal or capital markets advice, similar to what we typically render to other Portfolio Investments), a platform company would also typically

retain its own qualified management team, either internally or externally, to operate, administer and manage the company on a daily basis, including by sourcing the underlying assets. Such a management team would provide services that are similar to, and that may overlap with, services we provide to the Global Vehicle and other Global Vehicles. Members of the management team may render services exclusively to the platform company or provide the same or similar services to unaffiliated third parties or to other Global Vehicles or Portfolio Investments, including similar platform companies of the Global Vehicle, predecessor funds and successor funds.

The platform company may compensate its management team in a number of ways, including through annual salaries and bonuses, incentive-based compensation (such as profits interests, carried interest, equity, options and warrants), fees for services or a combination of the foregoing. In any case, the Global Vehicle would generally bear the cost of such compensation, as well as all other platform company expenses, including start-up, operating and overhead expenses, through its direct or indirect interest in the platform company.

Members of a platform company's management team may receive separate compensation for services rendered to unaffiliated third parties or to other Global Vehicles or Portfolio Investments. In addition, a platform company or its management team may receive a fee or other compensation for forwarding to unaffiliated third parties or to Global Vehicles or Portfolio Investments any investment opportunity that the platform company or Global Vehicle (consistent with its Governing Documents) declines to pursue. Any compensation the management team receives, regardless of whether a Global Vehicle, Portfolio Investment or unaffiliated third party pays, would be in addition to, and typically does not offset, the advisory fee investors in the Global Vehicle pay. Similarly, such compensation generally would not trigger the advisory committee disclosure, review or consent provisions of the Governing Documents.

A platform company's structure and relationship to us creates conflicts of interest. For example, although we (by virtue of our control of the Global Vehicle) would form the platform company and in doing so may determine or significantly influence the form and amount of compensation paid to a platform company's management team, the platform company (and ultimately the Global Vehicle) bears the attendant expense. The close business or personal relationships that we may have with certain members of management give us less incentive to limit their compensation. In addition, given that we (and not the Global Vehicle) otherwise pays the salaries of our employees, we have the incentive to cause a platform company to retain its own management team instead of relying on TPG employees to provide managerial services, or to convert existing TPG employees into members of a platform company's management team.

#### *Conflicts Arising from Strategic Business Partners*

We have also formed and may continue to form relationships with third-party strategic partners so that a Global Vehicle can take advantage of their expertise, often in particular industries, sectors and/or geographies. These strategic partners often have close business relationships with us and provide services that are similar to, and that may overlap with, services we provide to Global Vehicles, including sourcing, conducting due diligence on or developing potential investments, as well as structuring, managing, monitoring and disposing of investments.

We determine the compensation of our strategic partners on a case-by-case basis, and this compensation may take the form of

- cash payments from us, a Global Vehicle or a Portfolio Investment;
- grants of carried interest generated by a Global Vehicle;
- stock option or equity grants in a Portfolio Investment;
- profits interests in a Portfolio Investment or holding vehicles beneath a Global Vehicle; and/or
- other similar payments from us, a Global Vehicle or a Portfolio Investment.

This creates a conflict of interest because we have an incentive to structure compensation under strategic business partnerships so that the Global Vehicle (and hence its investors) bears the costs (directly or indirectly) instead of us. In addition, as with Senior Advisors, our close business relationships with our strategic partners gives us less incentive to negotiate with a strategic partner for a lower level of compensation.

We may also offer strategic partners the opportunity to co-invest alongside a Global Vehicle, in some cases regardless of whether such partner played a significant role in sourcing or managing the specific investment (see “*Allocation of Co-Investment Opportunities*” above).

#### *Conflicts Arising from Interactions with Portfolio Investments*

Portfolio Investments of Global Vehicles generally are not our affiliates for purposes of a Global Vehicle’s Governing Documents. As a result, the Governing Documents’ provisions that relate specifically to our affiliates do not apply to Global Vehicles’ Portfolio Investments, even if we have a significant economic interest in a Portfolio Investment and/or ultimately control it through our control of the relevant fund. For example, in the event that a Global Vehicle or one of its Portfolio Investments enters into a transaction with a Portfolio Investment of another Global Vehicle, such transaction generally would not require any advisory committee disclosure, review or consent or trigger other provisions of the Governing Documents typically applicable to transactions with affiliates. Also, if a Global Vehicle establishes a platform company, investment opportunities that the platform company management sources for the platform company generally will not be offered to the Global Vehicles.

Given the collaborative nature of our business (and the business of our affiliates) and the Portfolio Investments in which some Global Vehicles have invested, we from time to time recommend the services of a Portfolio Investment to other Portfolio Investments. We have a conflict of interest in making these recommendations, in that we have an incentive to maintain goodwill between ourselves and the existing and prospective Portfolio Investments of the Global Vehicles, while it is possible that the products or services recommended are not necessarily the best available to the Portfolio Investment of the Global Vehicles or the most favorably priced.

From time to time Global Vehicles and/or certain of their Portfolio Investments have ongoing business dealings, arrangements or agreements with persons who are former employees. The

Global Vehicles and/or their Portfolio Investments bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there exists a conflict of interest between ourselves and the Global Vehicles (or their Portfolio Investments) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that we will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person. Portfolio Investments of Global Vehicles also could be counterparties or participants in agreements, transactions or other arrangements with Portfolio Investments of other Global Vehicles that involve fees and/or servicing payments to us or our affiliates which are not subject to advisory fee offsets or otherwise shared with the relevant Global Vehicles.

In addition, Portfolio Investments of Global Vehicles, from time to time, make discounts and other benefits available to Global Personnel in connection with the companies' products or services. Sometimes these discounts or benefits are extended to Global Personnel in their capacity as board members of the Portfolio Investment. Such benefits or discounts are not considered compensation to Global Personnel, are not fees for Related Services and do not offset the advisory fees payable by investors in the related Global Vehicles.

#### *Conflicts Arising from Business with Certain Investors*

We have service providers, including for example, investment bankers and outside legal counsel, who are investors in Global Vehicles and/or who provide services to businesses that are our competitors. For example, we may be presented with opportunities to receive financing and/or other services in connection with a Global Vehicle's investments from certain limited partners or investors, as applicable, or their affiliates that are engaged in lending or other business. We have a conflict of interest with the Global Vehicle in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Global Vehicles or will provide us information about our competitors. There is a possibility that we, because of such belief or for other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Portfolio Investments from time to time provide services to certain Global Vehicle investors. We have an incentive to cause the Portfolio Investment to favor those investors relative to other Portfolio Investments' clients or customers in terms of pricing or otherwise, which could adversely affect the Portfolio Investment's profitability. Additionally, the Portfolio Investment could recommend to its clients or customers that they invest in a Global Vehicle.

Certain members of a Fund's advisory committee are, or in the future could be, officers or directors of, or otherwise affiliated with, limited partners of a Global Vehicle or one or more other Global Vehicles. The general partner of a Global Vehicle has the discretion to utilize the services of limited partners and their affiliates on an arm's-length basis, as it deems appropriate.

It is possible that we exercise our discretion to enter into transactions with investors in one or more Global Vehicles to dispose of all or a portion of certain investments held by one or more Global Vehicles. In exercising our discretion to select the purchaser(s) of such investments, we will consider some or all of the factors listed above under "*Allocation of Co-Investment Opportunities.*"

The sales price for such transactions will be mutually agreed to by us and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by us. Although we are not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, we will first determine that such transaction is in the best interests of the applicable Global Vehicles, taking into account the sale price and the other terms of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Global Vehicles. Any such transactions will comply with the Governing Documents of the applicable Global Vehicles.

#### *Conflicts Related to Legal Counsel and Other Service Providers Engaged by Global Vehicles*

Global Vehicles will often engage common legal counsel and other advisors to represent all of the Global Vehicles in a particular transaction, including a transaction in which a Global Vehicle, other Global Vehicles have conflicting interests because they have invested in different securities of the company. In the event of a significant dispute or divergence of interest between a Global Vehicle, other Global Vehicles, such as in a work-out or other distressed situation, separate representation will typically become desirable, in which case we may hire separate counsel for each of such Global Vehicles in our sole discretion, and in litigation and other circumstances, separate representation will occasionally be required. Law firms engaged to represent Global Vehicles, partners in those firms or entities affiliated with those firms may be investors in such Global Vehicle or other Global Vehicles, and may also represent one or more Portfolio Investments or limited partners of such Global Vehicle or other Global Vehicles.

#### *Conflicts Relating to Services Provided by Related Persons*

From time to time we, in our discretion, contract with related persons (including a Portfolio Investment of a Global Vehicle or a family member of Global Personnel) to perform services (including brokerage services) for us in connection with our provision of services to the Global Vehicles. When engaging a related person to provide such services, we will generally have a financial, personal or other business incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

From time to time we, in our discretion, recommend to a Global Vehicle or one of its Portfolio Investments that it contract for services or, in providing services to a Global Vehicle, directly engage with

- a related person of ours (including a Portfolio Investment of a Global Vehicle); or
- an entity or person with which or whom we have a relationship or from which or whom we or a member of our personnel otherwise derives financial, personal or other benefit.

When making such a recommendation, it is possible that we or Global Personnel, because of our financial, personal or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

### *Conflicts Related to Strategic Transactions*

TPG is a broad-based alternative investment platform that may engage in strategic transactions, including the acquisition of, or combination with, other investment platforms, generally without regard to whether a Global Vehicle would otherwise be interested in pursuing any such transaction. The Governing Documents generally do not prohibit or restrict such strategic transactions. In the event that we, any of our affiliates or any other party engages in any such transaction or otherwise engages in any actions or any other event occurs that results in an “assignment” (including for purposes of the Advisers Act) of the Advisory Services Agreement or any other agreement (including because of any change in our control group), and as a result we or any other entity must seek the consent of the Global Vehicle under applicable law, depending on the Global Vehicle, the general partner of the Global Vehicle will not seek the consent of the limited partners of such Global Vehicle but will have the authority to act for the Global Vehicle in determining whether or not to provide any required consent.

Since the general partner of the Global Vehicle is under common control with us and we each may have a financial interest in the consummation of any such transaction that is different from the interests of the Global Vehicle or its limited partners, the general partner of the Global Vehicle will likely have a conflict of interest in making this determination. Pursuant to the Governing Documents, the general partner of the Global Vehicle is under no obligation to seek approval from the Global Vehicle’s limited partners as to any such consent, and the limited partners will not have the right to remove the general partner or cause the Global Vehicle to terminate the Advisory Services Agreement, transfer their interests or otherwise exit the Global Vehicle, or exercise any other rights or remedies (other than those that are explicitly provided in the Global Vehicle’s Governing Documents).

### *Conflicts Arising in Respect of Alignment of Interest*

A number of persons hold direct or indirect equity and other economic interests in TPG, including in our holding company and certain other subsidiaries or vehicles that we control. While these persons mostly are current TPG employees or other individuals who are or have been involved in the activities and affairs of TPG, a limited number are third-party investors, including current or potential investors in Global Vehicles, who are not involved in TPG’s day-to-day operations. We may permit such third-party investors to hold direct or indirect, passive economic interests in, or provide other forms of financing to, other TPG-controlled vehicles, including entities we form to exercise our rights or discharge our obligations under the applicable Governing Documents. Such TPG-controlled vehicles may be used to fund TPG’s capital commitments to Global Vehicles, including the required minimum commitment as well as any additional commitments permitted following the end of the fundraising period. This practice may have the effect of reducing the amount of capital contributed by persons responsible for operating the Global Vehicles and lessening the alignment of interests between such persons and the investors in such Global Vehicles.

### *Conflicts Related to the Valuation of Assets*

We generally determine, in our discretion, the fair value of each Global Vehicle’s assets. While we follow rigorous valuation methodologies and procedures that are designed to ensure that our



fair value determinations are strictly the product of the application of U.S. generally accepted accounting principles (in particular, Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements), we have incentives to arrive at higher valuations. First, when we determine that the fair value of an investment by certain Global Vehicles is less than the capital contributions made with respect to it, we are obligated under the relevant Governing Documents to write down the asset. Depending on the extent of the write-down, the Global Vehicle may need to receive proceeds in the amount of the write down, among other amounts, before its general partner could begin to receive carried interest. A decision not to write down an investment would avoid this negative impact on the amount of carried interest due the general partner. Second, the rate of carried interest allocated to the general partners of certain Global Vehicles depends on whether the Global Vehicle achieves a certain multiple-of-money or rate of return. Higher valuations could facilitate the Global Vehicle's achievement of a multiple-of-money or rate of return that would result in the receipt by the corresponding general partner of a greater amount of carried interest than if the valuations were lower. Third, we regularly report to investors in the Global Vehicles, prospective investors and the investor community more generally metrics of the Global Vehicles' performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Global Vehicles' investments, including unrealized investments. These reports are an indication of the overall health of the Global Vehicles and are important to our efforts to attract investors to Global Vehicles. An objective of our valuation methodologies and procedures is to eliminate any influence these incentives may have on our fair value determinations.

Our valuations will be based to a large extent on our estimates, comparisons and qualitative evaluations of private information, which may be incomplete or inaccurate. Third parties therefore may not be able to replicate our methodology or to value accurately the Global Vehicles' investments. The amount of judgment and discretion inherent in valuing assets renders valuations uncertain and susceptible to material fluctuations over possibly short periods of time; substantial write-downs and earnings volatility are possible. Our determination of an investment's fair value may differ materially from the value that would have been determined if a ready market for the securities or property had existed and the valuations the managers of other funds or other third parties ascribe to the same investment. Our valuation of an investment at a measurement date may also differ materially from the value that is obtained upon the investment's exit.

#### *Conflicts Relating to Fee Structure and Carried Interest*

Certain Global Vehicles have fixed investment periods after which capital is only permitted to be drawn down in limited circumstances, and advisory fees are, at certain times during the life of those Global Vehicles, based upon capital invested by the Global Vehicles. This fee structure creates an incentive to deploy capital when we would not otherwise have done so.

See also "*Item 6 – Performance-Based Fees and Side-by-Side Management*" for a description of the other conflicts that arise as a result of the methodology for determining the amount of carried interest earned by the general partner of a Global Vehicle.

### *Conflicts Relating to Related Services*

As described in Item 5 above, the TPG Management Companies will often perform Related Services for, and, consistent with the Governing Documents, will receive fees or reimbursements from, actual or prospective Portfolio Investments or other investment vehicles of the Global Vehicles. Such fees will be in addition to any advisory fees or carried interest the Global Vehicles pay us. This creates a conflict of interest between the TPG Management Companies and the Global Vehicles and their investors because the amounts of these fees and reimbursements are often substantial and the Global Vehicles and, except in connection with the reductions described below, their investors generally do not have an interest in these fees and reimbursements. We generally determine the amount of these fees for Related Services and reimbursements in our own discretion, subject to agreements with sellers, buyers, management teams, the boards of directors of or lenders to Portfolio Investments and/or third-party co-investors. There are also circumstances (such as the occurrence of an initial public offering or a sale where the Global Vehicle maintains a material interest) that will accelerate the payment of a portion of such fees or otherwise result in the payment of other exit, performance-based or termination fees, which may have an adverse impact on the Portfolio Investments.

Although these fees for Related Services are in addition to the advisory fees, the TPG Management Companies will in many circumstances be obligated to reduce the amount of advisory fees paid by the applicable Global Vehicle by an amount equal to all or a portion of such fees for Related Services. The specific amount and nature of this reduction varies among Global Vehicles and is generally set forth in the Governing Documents of the applicable Global Vehicle. Entities other than Global Vehicles that participate in investments alongside the Global Vehicles (such as entities through which we and certain of our employees and affiliates invest alongside the Global Vehicles) often have a right to share in such fees, and advisory fees will generally not be reduced in connection with the receipt of such entities' share of such fees. In many cases with respect to the implementation of such arrangements, there is not an independent third party involved on behalf of the relevant Portfolio Investment. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the Portfolio Investment. Furthermore, as noted above, a Global Vehicle will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee allocable to another entity, including, if applicable, a Co-Investment Vehicle. As some Global Vehicles do not pay advisory fees (e.g., certain Co-Investment Vehicles), or do not have offset provisions requiring the reduction of advisory fees, any such reduction will not benefit such Global Vehicles.

### *Conflicts Related to the Employee Retirement Income Security Act of 1974*

A Global Vehicle may hold "plan assets" subject to ERISA. With respect to those plan assets, if any, we and certain related entities would be classified as "fiduciaries" under ERISA. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a Global Vehicle may be prohibited from entering into certain transactions if the investment would violate ERISA with respect to such Global Vehicle, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such Global Vehicle.

### *Conflicts Related to the Hiring of Asset Managers or Servicers*

The general partner of a Global Vehicle will from time to time hire asset managers, servicers or other strategic counterparties (collectively, “Servicers”), including affiliates of ours or the general partner (or entities in which affiliates of ours or the general partner have an interest or a right to acquire an interest), to provide asset management, sourcing, due diligence, underwriting, loan and other asset servicing, accounting, operational or other services with respect to Portfolio Investments. The fees to be paid to the Servicer are determined at the discretion of the general partner taking into account the assets to be governed by such agreement, may include a profits interest or other incentive-based compensation to the Servicer, and are otherwise determined according to one or more methods, including a percentage of the value of the assets being serviced or the invested capital exposed to such assets, and/or a percentage of cash flows from such assets. In the event one or more Servicers is providing services to multiple Global Vehicles, we will allocate such fees among these Global Vehicles in a manner we deem fair and equitable, in our sole discretion. To the extent any such fees are payable to an affiliated Servicer, such fees will not reduce any fees otherwise payable to us or our affiliates and, other than fees payable as disclosed in a Global Vehicle’s Governing Documents, will require approval of the Global Vehicle’s advisory committee. Our affiliates or those of the general partner will benefit from these arrangements.

### *Conflicts Arising from the Exit of Certain Investments*

The general partner of a Global Vehicle, or its affiliates, from time to time receives distributions in kind from an investment disposition. In the event the general partner, or its affiliates, receives such a distribution, the general partner may act in its own interest with respect to its share of securities and will determine to sell the distributed securities, or hold the distributed securities for such time as the general partner will determine. The ability of a Global Vehicle’s general partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the general partner or affiliate, as an adviser to the Global Vehicle, and the Global Vehicle and its investors.

### *Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements*

The Governing Documents of each Global Vehicle and related documents are detailed agreements that establish complex arrangements among us, the limited partners, the Global Vehicle, the general partner and other entities and individuals.

Questions arise under these agreements regarding the parties’ rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements’ drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations we adopt will not necessarily be, and need not be, the interpretations that are the most favorable to the Global Vehicles or their investors.

### *Conflicts Related to the Withholding of Certain Information*

The Governing Documents of certain Global Vehicles generally permit each such Global Vehicle's general partner to withhold information from certain limited partners or investors in such Global Vehicle in certain circumstances. For instance, information will at times be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner will also from time to time elect to withhold certain information to such limited partners for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

### Potential Conflicts of Interest – RE Finance Trust Management

The material conflicts of interest that TRTX encounters include those discussed below, although the discussion below does not necessarily describe all of the conflicts that TRTX potentially faces. Other conflicts are disclosed throughout this brochure, which should be read in its entirety.

*Management and Incentive Fees.* Our fee structure may not create proper incentives or may induce us and our affiliates to make certain loans or other investments, including speculative investments, which increase the risk of TRTX's portfolio. TRTX pays us base management fees regardless of the performance of our portfolio. Our entitlement to base management fees, which are not based solely upon performance metrics or goals, might reduce our incentive to devote our time and effort to seeking loans or other investments that provide attractive risk-adjusted returns for TRTX's stockholders. Because the base management fees are also based in part on TRTX's outstanding equity, we may also be incentivized to advance strategies that increase TRTX's equity, and there may be circumstances where an increase in equity will not optimize the returns for its stockholders. Consequently, TRTX is required to pay us base management fees in a particular period despite experiencing a net loss or a decline in the value of TRTX's portfolio during that period.

In addition, we have the ability to earn incentive compensation each quarter, which may create an incentive for us to invest in assets with higher yield potential, which are generally riskier or more speculative, or sell an asset prematurely for a gain, in an effort to increase short-term net income and thereby increase the incentive compensation to which we are entitled. This could result in increased risk to TRTX's investment portfolio. If TRTX's interests and our interests are not aligned, the execution of TRTX's business plan could be adversely affected.

*Other Activities of Other Funds.* We may compete with other existing and future Global Vehicles, which may present various conflicts of interest that restrict TRTX's ability to pursue certain investment opportunities or take other actions that would be beneficial to its business and result in decisions that are not in the best interests of TRTX's stockholders. We are subject to conflicts of interest arising out of our relationship with TPG. Three of seven TRTX directors are employees of TPG. In addition, its chief financial and risk officer and our other executive officers are also employees of TPG, and we, the advisor, are a TPG affiliate. There is no guarantee that the policies and procedures adopted by us, the terms and conditions of the Advisory Services Agreement between TRTX and the advisor or the policies and procedures adopted by us, TPG and our affiliates, as the case may be, will enable TRTX us to identify, adequately address or mitigate these conflicts of interest. Further, pursuant to the terms of the Advisory Services Agreement, we are required to keep our board of directors reasonably informed on a periodic basis in connection with

the foregoing. With regard to certain transactions we are required to provide our board of directors with quarterly updates in respect of such transactions.

Pursuant to the terms of the Advisory Services Agreement, TRTX acknowledged and agreed that

- as part of TPG's regular businesses, our personnel and personnel of our affiliates may from time to time work on other projects and matters (including with respect to one or more other Global Vehicles), and that conflicts may arise with respect to the allocation of personnel between TRTX and one or more other Global Vehicles and/or such other affiliates,
- there may be circumstances where investments that are consistent with TRTX's investment guidelines may be shared with or allocated to (in lieu of TRTX) one or more other Global Vehicles in accordance with TPG's allocation policy (as described below),
- Other Global Vehicles may invest, from time to time, in investments in which TRTX may also invest (including at different levels of an issuer's or borrower's capital structure (for example, an investment by another Global Vehicle in an equity or mezzanine interest with respect to the same portfolio entity in which TRTX owns a debt interest or vice versa) or in a different tranche of debt or equity with respect to an entity in which TRTX has an interest) and while TPG will seek to resolve any such conflicts in a fair and equitable manner in accordance with TPG's allocation policy and its prevailing policies and procedures with respect to conflicts resolution among other Global Vehicles generally, such transactions are not required to be presented to TRTX's board of directors or any committee thereof for approval (unless otherwise required by TRTX's investment guidelines), and there can be no assurance that any such conflicts will be resolved in TRTX's favor,
- we and our affiliates may from time to time receive fees from portfolio entities or other issuers for the arranging, underwriting, syndication or refinancing of investments or other additional fees, including acquisition fees, loan servicing fees, special servicing fees, administrative fees or advisory or asset management fees, including with respect to other Global Vehicles and related portfolio entities, and while such fees may give rise to conflicts of interest, TRTX will not receive the benefit of any such fees, and
- the terms and conditions of the governing agreements of such other Global Vehicles (including with respect to the economic, reporting and other rights afforded to investors in such other Global Vehicles) are materially different than the terms and conditions applicable to TRTX and its stockholders, and neither TRTX nor any of its stockholders (in such capacity) will have the right to receive the benefit of any such different terms and conditions applicable to investors in such other Global Vehicles as a result of an investment in TRTX or otherwise.

Included below is additional detail regarding certain of these conflicts of interest that may arise by virtue of TRTX's relationship with us and our affiliates.

*Allocation of Investment Opportunities.* The Advisory Services Agreement expressly provides that it does not

- prevent us or any of our affiliates, officers, directors or employees from engaging in other businesses or from rendering services of any kind to any other person or entity, whether or not the investment objectives or policies of any such other person or entity are similar to those of ours, including the sponsoring, closing and/or managing of any other Global Vehicle that employs investment objectives or strategies that overlap, in whole or in part, with TRTX's investment guidelines,
- in any way restrict or otherwise limit us or any of our affiliates, officers, directors or employees from buying, selling or trading any securities or commodities for their own accounts or for the account of others for whom we or any of our affiliates, officers, directors or employees may be acting, or
- prevent us or any of our affiliates from receiving fees or other compensation or profits from activities described in the two preceding clauses, which will be for our (and/or our affiliates') sole benefit.

However, for so long as the Advisory Services Agreement is in effect and we are controlled by TPG, neither we nor TPG Real Estate Management, LLC, which is the manager of TPG Real Estate Partners, will directly or indirectly form any other public vehicle in the United States whose strategy is to primarily originate, acquire and manage performing commercial mortgage loans.

The Advisory Services Agreement expressly acknowledges that, while information and recommendations supplied to TRTX will, in our reasonable and good faith judgment, be appropriate under the circumstances and in light of our investment guidelines and investment objectives and policies, such information and recommendations may be different in certain material respects from the information and recommendations supplied by us or any of our affiliates to others (including, for greater certainty, the other Global Vehicles and their investors, as described below). In addition, as acknowledged in the Advisory Services Agreement, (1) our affiliates sponsor, advise and/or manage one or more other Global Vehicles and may in the future sponsor, advise and/or manage additional Global Vehicles and (2) to the extent any other Global Vehicles have investment objectives or guidelines that overlap with TRTX's, in whole or in part, then, pursuant to TPG's allocation policy, investment opportunities that fall within such common objectives or guidelines will generally be allocated among TRTX and one or more of such other Global Vehicles on a basis that we and applicable TPG affiliates determine to be fair and reasonable in their sole discretion, subject to the following considerations:

- TRTX's and the other relevant Global Vehicles' investment focuses and objectives;
- the TPG professionals who sourced the investment opportunity;
- the TPG professionals who are expected to oversee and monitor the investment;

- the expected amount of capital required to make the investment, as well as TRTX's and the other relevant Global Vehicles' current and projected capacity for investing (including for any potential follow-on investments);
- TRTX's and the other relevant Global Vehicles' targeted rates of return and investment holding periods;
- the stage of development of the prospective Portfolio Investment or borrower;
- TRTX's and the other relevant Global Vehicles' respective existing portfolio of investments;
- the investment opportunity's risk profile;
- TRTX's and the other relevant Global Vehicles' respective expected life cycles;
- any investment targets or restrictions (e.g., industry, size, etc.) that apply to TRTX and the other relevant Global Vehicles;
- TRTX's ability and the ability of the other relevant Global Vehicles to accommodate structural, timing and other aspects of the investment process; and
- legal, tax, contractual, regulatory or other considerations that we and applicable TPG affiliates deem relevant.

Pursuant to the terms of the Advisory Services Agreement, and subject to applicable law, we are not permitted to consummate on TRTX's behalf any transaction that involves the sale of any investment to, or the acquisition of any investment or receipt of any financing from, TPG, any other Global Vehicle or any of their affiliates unless such transaction

- is on terms no less favorable to TRTX than could have been obtained on an arm's length basis from an unrelated third party and
- has been approved in advance by a majority of TRTX's independent directors.

In addition, pursuant to the terms of the Advisory Services Agreement, it is agreed that we will seek to resolve any conflicts of interest in a fair and equitable manner in accordance with TPG's allocation policy and its prevailing policies and procedures with respect to conflicts resolution among other Global Vehicles generally, but only those transactions referred to in this paragraph will be expressly required to be presented for approval to TRTX's independent directors or any committee thereof (unless otherwise required by our investment guidelines). Pursuant to the terms of the Advisory Services Agreement, at the reasonable request of TRTX's board of directors, we will review TPG's allocation policy with TRTX's board of directors and respond to reasonable questions regarding TPG's allocation policy as it relates to services under the Advisory Services Agreement. We will promptly provide TRTX's board of directors with a description of any material amendments, updates or revisions to TPG's allocation policy.

TRTX's charter provides that, if any TPG Director/Officer acquires knowledge of a potential business opportunity, TRTX renounces, on its behalf and on behalf of its subsidiaries, any potential interest or expectation in, or right to be offered or to participate in, such business opportunity to the maximum extent permitted from time to time by Maryland law. Accordingly, to the maximum extent permitted from time to time by Maryland law,

- no TPG Director/Officer is required to present, communicate or offer any business opportunity to TRTX or any of its subsidiaries and
- the TPG Director/Officer, on his or her own behalf or on behalf of TPG, will have the right to hold and exploit any business opportunity, or to direct, recommend, offer, sell, assign or otherwise transfer such business opportunity to any person or entity other than TRTX.

*Investments in Different Levels or Classes of an Issuer's Securities.* TRTX and the other Global Vehicles may make investments at different levels of an issuer's or borrower's capital structure (for example, an investment by a Global Vehicle in an equity or mezzanine interest with respect to the same portfolio entity in which TRTX owns a debt interest or vice versa) or in a different tranche of debt or equity with respect to an entity in which TRTX has an interest. TRTX may make investments that are senior or junior to, or have rights and interests different from or adverse to, the investments made by the other Global Vehicles. Such investments may conflict with the interests of such other Global Vehicles in related investments, and the potential for any such conflicts of interests may be heightened in the event of a default or restructuring of any such investments. Actions may be taken for the other Global Vehicles that are adverse to TRTX, including with respect to the timing and manner of sale and actions taken in circumstances of financial distress. In addition, in connection with such investments, TPG will generally seek to implement certain procedures to mitigate conflicts of interest which typically involve maintaining a non-controlling interest in any such investment and a forbearance of rights, including certain non-economic rights, relating to the other Global Vehicles, such as where TPG may cause TRTX to decline to exercise certain control- and/or foreclosure-related rights with respect to a portfolio entity (including following the vote of other third-party lenders generally or otherwise recusing itself with respect to decisions), including with respect to defaults, foreclosures, workouts, restructurings and/or exit opportunities, subject to certain limitations. The Advisory Services Agreement requires us to keep TRTX's board of directors reasonably informed on a periodic basis in connection with the foregoing, including with respect to transactions that involve investments at different levels of an issuer's or borrower's capital structure, as to which we have agreed to provide TRTX's board of directors with quarterly updates. While we will seek to resolve any conflicts in a fair and equitable manner with respect to conflicts resolution among TRTX and the other Global Vehicles generally, such transactions are not required to be presented to the TRTX board of directors for approval, and there can be no assurance that any such conflicts will be resolved in TRTX's favor.

*Assignment and Sharing or Limitation of Rights.* TRTX may invest alongside other Global Vehicles and in connection therewith may, for legal, tax, regulatory or other reasons which may be unrelated, share with or assign to such other Global Vehicles certain of its rights, in whole or in part, or agree to limit its rights, including in certain instances certain control- and/or foreclosure-related rights with respect to such shared investments and/or otherwise agree to implement certain procedures to ameliorate conflicts of interest which may in certain circumstances involve a



forbearance of its rights. Such sharing or assignment of rights could make it more difficult for TRTX to protect its interests and could give rise to a conflict (which may be exacerbated in the case of financial distress) and could result in a Global Vehicle exercising such rights in a way that is adverse to TRTX.

*Providing Debt Financings in connection with Acquisitions by Third Parties of Assets Owned by Other Funds.* TRTX may provide financing (1) as part of the bid or acquisition by a third party to acquire interests in (or otherwise make an investment in the underlying assets of) a portfolio entity owned by one or more other Global Vehicles or their affiliates of assets and/or (2) with respect to one or more portfolio entities or borrowers in connection with a proposed acquisition or investment by one or more other Global Vehicles or their affiliates relating to such portfolio entities and/or their underlying assets. This may include making commitments to provide financing at, prior to or around the time that any such purchaser commits to or makes such investments. TRTX may also make investments and provide debt financing with respect to portfolio entities in which other Global Vehicles and/or their affiliates hold or propose to acquire an interest. While the terms and conditions of any such debt commitments and related arrangements will generally be on market terms, the involvement of TRTX and/or such other Global Vehicles or their affiliates in such transactions may affect the terms of such transactions or arrangements and/or may otherwise influence our decisions with respect to the management of TRTX and/or TPG's management of such other Global Vehicles and/or the relevant portfolio entity, which will give rise to potential or actual conflicts of interests and which may adversely impact TRTX.

*Pursuit of Differing Strategies.* TPG and we may determine that an investment opportunity may not be appropriate for TRTX but may be appropriate for one or more of the other Global Vehicles, or may decide that TRTX and certain of the other Global Vehicles should take differing positions with respect to a particular investment. In these cases, TPG and we may pursue separate transactions for TRTX and one or more other Global Vehicles. This may affect the market price or the terms of the particular investment or the execution of the transaction, or both, to the detriment or benefit of TRTX and one or more other Global Vehicles. For example, a TPG investment manager may determine that it would be in the interest of another Global Vehicle to sell a security that TRTX holds long, potentially resulting in a decrease in the market price of the security held by TRTX.

*Variation in Financial and Other Benefits.* A conflict of interest arises where the financial or other benefits available to us or our affiliates differ among TRTX and the other Global Vehicles that we manage. If the amount or structure of the base management fees, incentive compensation and/or our or our affiliates' compensation differs among TRTX and the other Global Vehicles (such as where certain other Global Vehicles pay higher base management fees, incentive compensation, performance-based base management fees or other fees), we or our affiliates might be motivated to help such other Global Vehicles over TRTX. Similarly, the desire to maintain assets under management or to enhance our or our affiliates' performance records or to derive other rewards, financial or otherwise, could influence us or our affiliates in affording preferential treatment to other Global Vehicles over TRTX. We may, for example, have an incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor such other Global Vehicles. Additionally, we might be motivated to favor other Global Vehicles in which it has an ownership interest or in which TPG has ownership interests. Conversely, if an investment professional of ours does not personally hold an investment in TRTX but holds investments in

other Global Vehicles, such investment professional's conflicts of interest with respect to TRTX may be more acute.

*Underwriting, Advisory and Other Relationships.* As noted above under “Item 10 – Other Financial Industry Activities and Affiliations,” we have affiliates that provide a broad range of underwriting, investment banking, placement agent and other services. In connection with selling investments by way of a public offering, a TPG broker-dealer may act as the managing underwriter or a member of the underwriting syndicate on a firm commitment basis and purchase securities on that basis. TPG may retain any commissions, remuneration or other profits and receive compensation from such underwriting activities, which have the potential to create conflicts of interest. TPG may also participate in underwriting syndicates from time to time with respect to TRTX or Portfolio Investments of other Global Vehicles, or may otherwise be involved in the private placement of debt or equity securities issued by TRTX or such Portfolio Investments, or otherwise in arranging financings with respect thereto. Subject to applicable law, TPG may receive underwriting fees, placement commissions or other compensation with respect to such activities, which will not be shared with TRTX or its stockholders. Where TPG serves as underwriter with respect to a Portfolio Investment's securities, TRTX or the applicable Global Vehicle holding such securities may be subject to a “lock-up” period following the offering under applicable regulations during which time our ability to sell any securities that we continue to hold is restricted. This may prejudice our ability to dispose of such securities at an opportune time.

TPG has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on TRTX's behalf, we may consider those relationships (subject to our obligations under the Advisory Services Agreement), which may result in certain transactions that we would not otherwise undertake or refrain from undertaking on TRTX's behalf in view of such relationships.

*Service Providers.* Certain of TRTX's or our service providers or their affiliates (including administrators, lenders, brokers, attorneys, consultants and investment banking or commercial banking firms) also provide goods or services to, or have business, personal or other relationships with, TPG. Such service providers may be sources of investment opportunities, co-investors or commercial counterparties or Portfolio Investments of other Global Vehicles. Such relationships may influence us in deciding whether to select such service providers. In certain circumstances, service providers or their affiliates may charge different rates or have different arrangements for services provided to TPG or other Global Vehicles as compared to services provided to TRTX, which in certain circumstances may result in more favorable rates or arrangements than those payable by, or made with, TRTX. In addition, in instances where multiple TPG businesses may be exploring a potential individual investment, certain of these service providers may choose to be engaged by TPG rather than TRTX.

*Material, Non-Public Information.* TRTX, directly or through us or our affiliates, may come into possession of material non-public information with respect to an issuer or borrower in which TRTX has invested or may invest. Should this occur, we may be restricted from buying or selling securities, derivatives or loans of the issuer or borrower on TRTX's behalf until such time as the information becomes public or is no longer deemed material. Disclosure of such information to the personnel responsible for management of our business may be on a need-to-know basis only, and TRTX may not be free to act upon any such information. Therefore, TRTX and we may not

have access to material non-public information in the possession of TPG which might be relevant to an investment decision to be made by us on TRTX's behalf, and we may initiate a transaction or purchase or sell an investment, which, if such information had been known to us, may not have been undertaken. Due to these restrictions, we may not be able to initiate a transaction on TRTX's behalf that we otherwise might have initiated and may not be able to purchase or sell an investment that we otherwise might have purchased or sold, which could negatively affect TRTX.

*Possible Future Activities.* We and our affiliates may expand the range of services that we provide over time. Except as and to the extent expressly provided in the Advisory Services Agreement, we and our respective affiliates will not be restricted in the scope of our businesses or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. We and our affiliates continue to develop relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by TRTX. These clients may themselves represent appropriate investment opportunities for TRTX or may compete with TRTX for investment opportunities.

*Transactions with Other Funds.* From time to time, TRTX may enter into purchase and sale transactions with other Global Vehicles. Such transactions will be conducted in accordance with, and subject to, the terms and conditions of the Advisory Services Agreement (including the requirement that sales to, or acquisitions of investments or receipt of financing from, TPG, any Global Vehicle or any of their affiliates be approved in advance by a majority of TRTX's independent directors) and TRTX's code of business conduct and ethics and applicable laws and regulations.

*Loan Refinancing.* TRTX may from time to time seek to participate in investments relating to the refinancing of loans held by other Global Vehicles. While it is expected that TRTX's participation in connection with such refinancing transactions will be at arms' length and on market/contract terms, such transactions may give rise to potential or actual conflicts of interest.

*Strategic Transactions.* TPG may enter into one or more strategic relationships in certain geographical regions or with respect to certain types of investments that, although intended to provide greater opportunities for TRTX, may require TRTX to share such opportunities or otherwise limit the amount of an opportunity it can otherwise take.

Further conflicts could arise once TRTX and TPG have made their respective investments. For example, if a company goes into bankruptcy or reorganization, becomes insolvent or otherwise experiences financial distress or is unable to meet its payment obligations or comply with covenants relating to securities held by TRTX or by TPG, TPG may have an interest that conflicts with TRTX's interests or TPG may have information regarding the company that TRTX does not have access to. If additional financing is necessary as a result of financial or other difficulties, it may not be in TRTX's best interests to provide such additional financing. If TPG were to lose investments as a result of such difficulties, our ability to recommend actions in TRTX's best interests might be impaired.

## Potential Conflicts of Interest – TPEP Vehicles

The material conflicts of interest that a TPEP Vehicle encounters include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a TPEP Vehicle potentially faces. Other conflicts are disclosed throughout this brochure, which should be read in its entirety.

### *Conflicts Arising Generally from the Investment Activities of Other Funds*

TPG is one of the largest diversified alternative investment firms in the world and engages in a broad range of investment activities. The investment opportunities pursued by (and in some cases required to be offered to) the other Funds involve both public and private companies across the globe, in nearly every industry and in various stages of development. The TPEP Vehicles will face trading and other restrictions as a result of the activities of other Global Vehicles, as described below. These restrictions could limit a TPEP Vehicle's ability to make investments we identify as promising, dispose of investments on our desired timeframe or fully execute our investment strategy more generally, all of which could negatively impact the TPEP Vehicle. For example, the restrictions could prevent a TPEP Vehicle from exiting a declining investment, possibly for an extended period of time, which in turn could cause the TPEP Vehicle to incur substantial losses.

*Possession of Material Non-Public Information.* As a result of the expansive activities of other Funds, they regularly obtain non-public information regarding companies and other investment opportunities. Since TPG does not currently maintain permanent information barriers among most of its businesses, we generally impute non-public information received by one investment team to all other investment professionals, including all of the personnel who make TPEP Vehicle investments. Thus, in the absence of an information barrier, if a TPEP Vehicle or the other Fund receives non-public information with respect to a company, the TPEP Vehicles would face, as a result of securities law prohibitions on trading on the basis of material non-public information, restrictions on their ability to pursue a transaction with respect to that company.

To prevent this outcome in certain circumstances, we erect temporary information barriers to restrict the transfer of non-public information between the TPEP Vehicles and the other Funds. In these instances, however, a TPEP Vehicle's ability to benefit from TPG expertise outside any such barrier is limited. In addition, in the event that a temporary information barrier designed to protect a TPEP Vehicle is breached, even if inadvertently, the TPEP Vehicles will likely face the same restrictions on their investment activities as they would have faced had the temporary information barrier not been established in the first place.

*Contractual Restrictions.* Other Funds enter into agreements that may restrict from time to time the TPEP Vehicles' investment activities. For example, non-disclosure agreements other Funds sign with target companies often include "standstill" provisions that bar the other Funds and their affiliates (which generally includes the TPEP Vehicles) from acquiring the target companies' securities. In addition to "standstills," other Funds are subject to contracts whose provisions could affect the TPEP Vehicles. For example, the limited partnership agreements (or other constitutional documents) of certain other Funds restrict (i) affiliates (which generally includes the TPEP Vehicles) from acquiring or disposing of interests in entities that relate to the other Funds' existing or prospective Portfolio Investments and/or (ii) the other Funds from making an investment in or

related to a company in the TPEP Vehicles' portfolios. These provisions can give rise to conflicts in the event, for instance, a Fund other than a TPEP Vehicle is presented with an investment opportunity involving a company in a TPEP Vehicle's portfolio. We may resolve such a conflict in favor of the other Fund, which, as a consequence of the governing document provisions, could, for example, bar the TPEP Vehicles from further trading a security already in their portfolio or in rare circumstances compel the TPEP Vehicles to alter or completely exit their position.

*New Businesses.* We expect to continue to sponsor and manage new investment vehicles, including by engaging in strategic transactions involving the acquisition of or business combination with other investment platforms. Establishing or acquiring new investment vehicles could increase the prevalence of the conflicts described in the preceding two paragraphs and thus lead to additional restrictions on the TPEP Vehicles' ability to trade certain securities. We also expect that the investment strategies and other activities of future investment vehicles and businesses will overlap with those of the TPEP Vehicles. Any overlap among future investment vehicles and businesses and the TPEP Vehicles would give rise to conflicts of interest, such as those related to competition for the same or related investment opportunities, our resources or capital from investors.

#### *Conflicts Relating to Investments by Multiple TPEP Vehicles*

The allocation of investment opportunities among the TPEP Vehicles gives rise to certain conflicts of interest. We intend to allocate investment opportunities in a manner we believe to be appropriate in light of the interests of all the entities involved. While we expect allocations to generally be pro rata in proportion to the relative equity or targeted capacity of each TPEP Vehicle, in certain circumstances we allocate an investment opportunity primarily or exclusively to certain TPEP Vehicles, thereby limiting or foreclosing the other TPEP Vehicles participation. In particular, certain TPEP Vehicles are "long only" investment vehicles that only hold long positions in the public equity securities included in other TPEP Vehicles' long portfolios. These vehicles, in certain circumstances, such as with respect to relatively illiquid securities, do not invest in a security included in the other TPEP Vehicles' long portfolios or invest a smaller proportion of their available capital.

In addition, if in our discretion, any TPEP Vehicle should not participate in a particular investment opportunity for legal, tax or regulatory reasons, we will generally allocate such investment opportunity only to the unaffected TPEP Vehicles. For example, as a result of FINRA rules governing offerings of "new issue" securities, certain TPEP Vehicles generally do not acquire any securities in an offering that constitutes a "new issue." Other factors that may affect whether we allocate to a TPEP Vehicle an investment opportunity include the TPEP Vehicle's level of cash, expected subscriptions or redemptions and the transaction costs involved. To the extent an investment is not allocated pro rata, a TPEP Vehicle would bear a disproportionate share of the income or loss related to it, and the investment activities of the TPEP Vehicle would differ.

In addition, we will generally combine purchase and sale orders for the TPEP Vehicles, with each entity paying its pro rata share of the total commissions and other costs and receiving its pro rata share of the total sale proceeds. Such simultaneous, identical portfolio transactions may be detrimental, however, including if they were to decrease the proceeds the TPEP Vehicles receive for their sales or increase the prices the TPEP Vehicles pay for their purchases.

We generally allocate expenses relating to making and monitoring common investments pro rata among the participating TPEP Vehicles. However, we will allocate expenses in another manner if we determine it is fair and equitable in our discretion, taking into account such factors as we consider relevant.

#### *Conflicts Arising in the Allocation of Our Professionals' Time and Attention*

Our personnel will devote such time to the activities of the TPEP Vehicles as we determine to be necessary to properly conduct the TPEP Vehicles' business affairs. We generally expect that all of the officers and employees responsible for advising a TPEP Vehicle will have responsibilities with respect to the other TPEP Vehicles, including funds and accounts raised in the future. In addition, certain officers and other employees may also have responsibilities to other Funds. Conflicts of interest arise in allocating the time, services or functions of these individuals. For example, our personnel may have an incentive to devote more time to positions that are in the portfolios of TPEP Vehicles that are expected to generate the highest performance allocation. Moreover, TPG personnel will focus on other Funds and may have limited time or attention for TPEP Vehicle investments.

#### *Conflicts Arising from the Funds' Performance Allocation Structure*

Tying each TPEP Vehicle's general partner's compensation directly to the performance of such TPEP Vehicle creates an incentive for us to make more speculative investments than we otherwise would in the absence of such performance-based compensation. In addition, because the performance allocation depends in part on the unrealized appreciation of the TPEP Vehicles' assets, it at times will be greater than if the performance allocation were based solely on realized gains. In addition, we will calculate the performance allocation separately with respect to each subscription to or withdrawal from the TPEP Vehicles by a particular investor in order to reflect appropriately the different times investors may have subscribed to the TPEP Vehicles or withdrawn from the TPEP Vehicles and the net asset values of the TPEP Vehicles at such times. As a result, an investor's individual investment in a TPEP Vehicle could give rise to a performance allocation even if the TPEP Vehicle's general partner would not have been due a performance allocation had all of such investor's investments been aggregated for purposes of calculating the performance allocation.

#### *Conflicts Related to Transactions Among the TPEP Vehicles and other Funds*

The TPEP Vehicles may participate in transactions in which we or TPG is directly or indirectly interested. In connection with such transactions, the TPEP Vehicle, on the one hand, and the other party to the transaction, on the other hand, will likely have conflicting interests, including with respect to consideration.

Certain TPEP Vehicles pursue the same investment program and thus, with few exceptions (including in respect of "new issue" securities), hold the same securities, with each commonly held position generally comprising approximately the same percentage of each TPEP Vehicle's total equity under management. The relative weight of a security in each such TPEP Vehicle's portfolio may vary in the ordinary course of the relevant TPEP Vehicles' business. For example, a TPEP Vehicle could become underweight in a particular security relative to the other TPEP Vehicle if it

has net capital inflows during a month disproportionate to the net capital inflows, if any, of the other TPEP Vehicle, or if the other TPEP Vehicle has a disproportionate net capital outflow. In months when net capital inflows or outflows result in a sufficiently large divergence between relevant TPEP Vehicles, we enter into “rebalancing” transactions to bring the TPEP Vehicles’ exposure to commonly held investments back into line with each other.

We assess whether to engage in rebalancing transactions at the end of each month, once we have sufficient visibility into the net capital inflows or outflows expected at the beginning of the following month. If we expect to enter into rebalancing transactions, we determine, as of the close of trading on the final trading day of the month, the weight of each position in each relevant TPEP Vehicle by dividing the value of the position by the TPEP Vehicle’s total equity under management, after giving pro forma effect to any pending capital inflows to or outflows from the TPEP Vehicles.

We then calculate the difference between the weights of commonly held investments. With certain exceptions, when the difference of a particular position exceeds a set threshold, we take the following steps to rebalance the relevant TPEP Vehicles’ positions:

- We calculate the number of shares that one TPEP Vehicle must sell and the other TPEP Vehicle must purchase in order for each TPEP Vehicle’s exposure to be brought back into balance.
- We set the price at which each rebalancing transaction will occur at the relevant security’s fair value, as measured by the security’s closing price on that day (i.e., the final trading day of the month).
- We instruct the relevant TPEP Vehicles’ broker or brokers to “cross” trades before markets open on the subsequent trading day (i.e., the first trading day of the following month) so that the one TPEP Vehicle sells that number of shares and the other TPEP Vehicle purchases that number of shares, in each case for cash consideration at the rebalancing price.
- The relevant TPEP Vehicles’ broker or brokers execute these instructions and generally receive customary brokerage commission or other fees or remuneration, with each TPEP Vehicle paying any commission or fees with respect to its side of the transaction.

We follow these steps in order to effectuate rebalancing transactions at market prices and with minimal brokerage commission fees and other costs.

A TPEP Vehicle participating in a rebalancing transaction could be a purchaser or a seller, depending on whether it experienced disproportionate net capital outflows or inflows relative to the other TPEP Vehicle. The relevant TPEP Vehicles will not engage in rebalancing transactions in the manner described above in certain circumstances, including

- in the case of restricted securities or securities for which market quotations are not readily available;

- if the TPEP Vehicles hold part of a position in a company in derivative form (such as swaps) or other instruments that are not exchanged traded (in which case the TPEP Vehicles will achieve the rebalanced portfolio allocation through open market purchases and sales);
- if the TPEP Vehicles hold all of a position in a company in derivative form (such as swaps) (in which case the TPEP Vehicles will achieve the rebalanced portfolio allocation by adjusting the instruments with the relevant counterparties);
- if the rebalancing transactions would give rise to adverse tax or regulatory consequences; or
- if the TPEP Vehicles possess material non-public information regarding the issuer of the securities.

With respect to TPEP Vehicles that pursue the same investment program but generally do not enter into “rebalancing” transactions with each other when contributions of capital or withdrawals of capital from such TPEP Vehicles change the ratio or assets between them, we may attempt to achieve a rebalanced portfolio allocation through open market purchases and sales.

In certain rare instances, we may cause a TPEP Vehicle to purchase investments from or sell investments to another Fund or another TPEP Vehicle in a transaction other than a rebalancing trade. This creates the risk that the TPEP Vehicle will not receive the best possible price because the transaction was not exposed to public market forces. In addition, our professionals may have investments in or receive fees from the related party providing an incentive to favor the other TPEP Vehicle or other Fund.

In order to mitigate these conflicts of interest, we generally will seek to ensure that any such transactions and related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals) and our policies and procedures. In particular, we generally will seek to ensure that the transaction is, in our judgment, in the best interests and in compliance with any investment guidelines or restrictions, of any TPEP Vehicle involved.

In effecting these transactions, we intend to effect the purchase or sale at a price that is comparable to the one that could be obtained through an arm’s-length transaction with a third party and that is otherwise fair to both parties. The willingness of a third-party investor to make an investment on the same or similar terms as a TPEP Vehicle, or the view of a third-party service provider generally, will demonstrate the fairness of the transaction to such TPEP Vehicle. We will maintain documentation to memorialize the basis for determining fairness in pricing. Neither we nor any of our affiliates may receive any commissions for effecting a cross-fund transaction.

### *Principal Transactions*

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the investment adviser’s clients, on the other. The Advisers Act generally requires that, when an investment adviser or its affiliate proposes to purchase a security from, or sell a security to, an advisory client (what is commonly referred to as a “principal



transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent.

We have established certain policies and procedures reasonably designed to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the applicable TPEP Vehicle regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and a TPEP Vehicle’s prior consent to the transaction be received.

#### *Conflicts Related to Transactions Alongside Other Funds*

Although we do not expect the TPEP Vehicles to regularly have investments in common with the other Funds, when this happens, the TPEP Vehicle could be disadvantaged as a result of:

- legal restrictions on the combined position that may be taken for all accounts we manage, thereby limiting the size of such TPEP Vehicle’s position (examples include industry-specific limitations that arise in sectors like healthcare, trucking and banking);
- restrictions on the acquisition or disposition of the investment that result from the other Funds’ limited partnership (or similar) agreements or nondisclosure agreements signed by the other Funds (see “*Conflicts Arising Generally from the Investment Activities of Other Funds – Contractual Restrictions*”) or their receipt of material non-public information (see “*Conflicts Arising Generally from the Investment Activities of Other Funds – Possession of Material Non-Public Information*”);
- the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions;
- the other Fund serving on a committee in a proceeding under Chapter 11 of the U.S. Bankruptcy Code; and
- other regulatory or legal restrictions on transactions.

Additionally, in certain circumstances we may want to avoid Exchange Act reporting requirements and rules that compel “disgorgement” of trading profit, in each case that would arise, for example, when TPG, in the aggregate, exceeds certain beneficial ownership thresholds. These restrictions could make an investment less attractive than it would otherwise be and reduce or entirely inhibit a TPEP Vehicle’s ability to acquire or dispose of particular investments at a desired time or price.

In addition, we and the other Funds may express inconsistent views of a commonly held investment, or of market conditions more generally, or the other Fund may have a different term, structure, investment strategy or investment period. As a result, the actions of another Fund could affect the value of the TPEP Vehicle’s investment. For instance, a sale by another Fund of its stake in a public company could put downward pressure on the value of the TPEP Vehicle’s interest in the same company. The other Fund is under no obligation to act in a way that furthers or protects the interests of the TPEP Vehicle. Others Funds could earn returns on their investment that exceeds the TPEP Vehicle’s return.

### *Conflicts Related to Investments by Other Funds*

Other Funds occasionally invest in competitors or customers of or service providers or suppliers to companies in the TPEP Vehicles' portfolios. These circumstances give rise to a variety of conflicts of interest. For example, the other Fund or its Portfolio Investment may take actions for commercial reasons that have adverse consequences for a company in which the TPEP Vehicles have a long position, such as seeking to increase its market share at the expense of the company in the TPEP Vehicles' portfolio (as a competitor), withdrawing business from the company in the TPEP Vehicles' portfolio in favor of a competitor that offers the same product or service at a more competitive price (as a customer), increasing prices in lock-step with other enterprises in the industry (as a supplier) or commencing litigation against the company in the TPEP Vehicles' portfolio (in any capacity). The other Funds may also obtain information while dealing with its Portfolio Investments that it is prohibited from acting on or disclosing to us as a result of confidentiality requirements or applicable law, even though such action or disclosure would be in the TPEP Vehicles' interests. The other Funds are under no obligation to take into account the TPEP Vehicles' interests in advising their Portfolio Investments or otherwise managing their assets.

### *Conflicts Related to Investing in Different Levels of the Capital Structure*

Other Funds invest in a broad range of asset classes throughout the corporate capital structure, including loans and debt securities, preferred equity securities and common equity securities. Accordingly, it is possible that a TPEP Vehicle will hold an interest in one part of a company's capital structure while another Fund holds an interest in another; similarly, a TPEP Vehicle may be "short" a company that another Fund is "long". Decisions taken by the other Fund in these circumstances to further its interests may be adverse to the interests of a TPEP Vehicle.

For example, a TPEP Vehicle could acquire a significant equity stake in a company whose debt securities are already held by another Fund. As a creditor of the company, the other Fund could take actions, consistent with its obligations to maximize the return to its investors, that would be adverse to the interests of the TPEP Vehicle as a holder of more junior securities. The other Fund, for instance, could cause the acceleration of the Portfolio Investment's debt or exercise other rights it has that could precipitate a sharp decline in the value of the equity held by the TPEP Vehicle. The other Fund would be under no obligation to take any action or refrain from taking any action to prevent or mitigate any losses by the TPEP Vehicle.

### *Conflicts Related to a Master-Feeder Structure*

Certain of the TPEP Vehicles execute their investment strategy by investing all or substantially all of their assets in master TPEP Vehicles. This structure poses conflicts of interest among the TPEP Vehicles invested in such master fund because, for tax or other reasons, some investments or potential investments by such master fund might be more appropriate or desirable for investors in one TPEP Vehicle than for investors in another TPEP Vehicle.

### *Conflicts of Interest Among a Diverse Set of Investors*

The TPEP Vehicles' investors are a diverse group of investors who have different investment programs and are subject to different legal, tax and regulatory regimes. For example, the investors

in the TPEP Vehicles include taxable and tax-exempt entities and have been organized in various jurisdictions. The nature and diversification of the TPEP Vehicles' investments, as well as the manner in which they make, structure, hold and exit them, may therefore lead to a more favorable legal, tax or regulatory outcome for some investors. In selecting investments appropriate for the TPEP Vehicles, we generally consider the investment objectives of the TPEP Vehicles as a whole, not the investment objectives of any investor individually. To the extent we are able to structure certain investments based in part on the legal, tax and regulatory constraints of investors, we will not take into account such interests as they relate to each individual investor. An investor in a TPEP Vehicle generally bears its share of the costs associated with a structure designed to address the concerns of the TPEP Vehicle investor base generally, regardless of whether the particular investor itself benefitted.

#### *Conflicts Related to the Valuation of Assets and Liabilities*

Each TPEP Vehicle's general partner has delegated to us the responsibility of valuing its assets and liabilities. We will either

- value the assets of the TPEP Vehicles in accordance with U.S. generally accepted accounting principles ("GAAP"), including Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements, or such other rules required by GAAP; or
- follow some other prudent valuation method that we consider in the circumstances to reflect more fairly the value of a particular investment.

It is possible that our valuation policy will lead to different valuations than those produced pursuant to Accounting Standards Codification Topic 820. In this case, the valuation presented in the TPEP Vehicles' audited financial statements will differ from that used to determine the net asset value of the TPEP Vehicles, which in turn is used to calculate contributions and withdrawals as well as advisory fees and performance allocations. A significant degree of judgment and discretion is inherent in valuing assets.

While we follow rigorous valuation methodologies and procedures that are designed to ensure that our fair value determinations are the product of the foregoing policy, and while in most cases we will base our valuation of the securities held by the TPEP Vehicles entirely on market prices, we have incentives to arrive at higher valuations. First, advisory fees and performance allocations are calculated based in part on our valuations; arriving at higher valuations would lead to higher advisory fees and performance allocations. Second, we regularly report to investors in the TPEP Vehicles, prospective investors and the investor community more generally metrics of the TPEP Vehicles' performance, such as rates of return, whose calculation depends on the value of the TPEP Vehicles' investments. These reports are an indication of the overall health of the TPEP Vehicles and are important to our efforts to attract investors to TPEP Vehicles and other Funds. An objective of our valuation methodologies and procedures is to eliminate any influence these incentives may have on our fair value determinations.

For the purpose of calculating the TPEP Vehicles' net asset value, we will, and are entitled to, rely on, and will not be responsible for the accuracy of, financial data the TPEP Vehicles' prime

brokers, market makers or independent third-party pricing services furnish us. We also may use and rely on industry standard financial models in pricing certain securities or other assets.

#### *Conflicts Related to Strategic Transactions*

TPG is a broad-based alternative investment platform that may engage in strategic transactions, including the acquisition of, or combination with, other investment platforms, without regard to whether any such platform would have an investment mandate similar to the TPEP Vehicles'. Nothing in the Governing Documents prohibits or restricts such strategic transactions.

In the event that TPG, its affiliates or any others engage in any such transaction or otherwise engage in any actions or any other event occurs that results in an "assignment" (including for purposes of the Advisers Act) of the Advisory Services Agreement or any other agreement (including because of any change in TPG's control group), and as a result we or any other entity must seek the consent of the TPEP Vehicle under applicable law, the general partner or Board of Directors of the TPEP Vehicle will not seek the consent of the limited partners or shareholders of such TPEP Vehicle but will have the authority to act for the TPEP Vehicle in determining whether or not to provide any required consent.

Since the general partner or Board of Directors of the TPEP Vehicle is under common control with us and we each may have a financial interest in the consummation of any such transaction that is different from the interests of the TPEP Vehicle or its limited partners, the general partner or Board of Directors of the TPEP Vehicle will likely have a conflict of interest in making this determination. Pursuant to the Governing Documents, the general partner or Board of Directors of the TPEP Vehicle is under no obligation to seek approval from the TPEP Vehicle's limited partners as to any such consent, and the limited partners will not have the right to remove the general partner or Board of Directors or cause the TPEP Vehicle to terminate the Advisory Services Agreement, transfer their interests or otherwise exit the TPEP Vehicle, or exercise any other rights or remedies (other than remedies provided in the TPEP Vehicle's Governing Documents).

#### *Conflicts Arising from Customized Terms Provided to Certain Investors*

Investors increasingly expect to make investments in private investment funds on customized terms. We accommodate these expectations in our discretion by entering into written agreements, which we refer to as "side letters," or establishing separate accounts that provide such investors with customized terms. These customized terms typically result in preferential treatment with respect to, among other things,

- waiving, reducing or calculating differently advisory fees or performance allocation;
- different admission dates, withdrawal dates, lock-up periods and other restrictions with respect to the applicable TPEP Vehicle;
- withdrawal rights from the applicable TPEP Vehicle, including in the event of adverse regulatory or other events;
- waiving minimum subscriptions in the applicable TPEP Vehicle;

- the revocation of withdrawal notices in respect of the applicable TPEP Vehicle;
- the regulatory reporting obligations of the applicable TPEP Vehicle;
- the right to transfer interests in the applicable TPEP Vehicle;
- additional confidentiality protections or waiver of existing confidentiality obligations;
- “most favored nations” clauses;
- notice and/or information rights;
- manner of distributions; or
- any other terms, whether economic, procedural or otherwise.

We will consider many factors in deciding whether to accord investors in TPEP Vehicles customized terms via a side letter and expect to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the TPEP Vehicle or other Funds or that are anticipated to be important to future fundraising campaigns;
- investors that have a broader strategic relationship with TPG;
- investors that are subject to specific legal, tax or regulatory requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

We have no obligation to disclose or offer any such additional rights, terms or conditions to any other investor in such TPEP Vehicle, except to the extent required by the Governing Documents of the applicable TPEP Vehicle.

#### *Favorable Terms Provided to Affiliates and Related Persons*

The employees, business associates and other “friends of the firm” of TPG are typically able to invest directly or indirectly in TPEP Vehicles on terms that are more favorable than those offered to other investors. Such favorable terms may involve, among other things, a waived or reduced advisory fee and/or performance allocation, and the waiver or reduction of other restrictions. We have no obligation to disclose or offer such favorable terms to any other investor in the TPEP Vehicle, except to the extent required by the Governing Documents of the applicable TPEP Vehicle.

### *Third-Party Placement Agents*

We from time to time enter into arrangements with third parties to raise capital for a TPEP Vehicle. Such placement agents typically receive a flat fee or in some cases a percentage of the investments they bring to the TPEP Vehicle. We generally expect to bear such fees (directly or indirectly through fee offsets) instead of the TPEP Vehicles. Basing the placement agent's compensation on an investor's decision to invest creates a conflict of interest by incentivizing the placement agent to attract investors to a TPEP Vehicle when it may not be in the investors' best interests to subscribe.

### *Personal Trading*

The Governing Documents do not prohibit us, the TPEP Vehicles or their respective general partners, or their employees, members or principals (or any other person) from buying or selling securities or commodity interests for their own account. We maintain compliance policies and procedures, including personal trading policies, however, that are designed to reduce potential conflicts of interest related to personal trading.

### *Conflicts Arising from Other Relationships with TPG-Related Persons*

We, in our discretion, may contract for ourselves or on behalf of the TPEP Vehicles with

- any related person of TPG (including, for example, a Portfolio Investment of another Fund or a family member of TPG personnel); or
- a person with which TPG has a relationship or from which TPG otherwise derives financial, personal or other benefit to perform services (including brokerage services).

In such circumstances, TPG will have a financial, personal or other business incentive to recommend the related or other person even if another person is more qualified to provide the applicable services or can provide such services at a lesser cost.

### *Conflicts Arising from Business with Certain Investors*

We have service providers, including for example, investment bankers and outside legal counsel, who are investors in TPEP Vehicles and/or who provide services to businesses that are our competitors. We have a conflict of interest with the TPEP Vehicles in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in the TPEP Vehicles or other Funds or will provide us information about our competitors. There is a possibility that we, because of such belief or for other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

### *Conflicts Related to Legal Counsel and Other Service Providers Engaged by the TPEP Vehicles and Other Funds*

The TPEP Vehicles and other Funds will often engage common legal counsel and other advisors to represent all of the TPEP Vehicles and/or other Funds in a particular transaction, including a

transaction in which a TPEP Vehicle or other Global Vehicle has conflicting interests because it has invested in different securities of the company. In the event of a significant dispute or divergence of interest between a TPEP Vehicle or other Global Vehicles, such as in a work-out or other distressed situation, separate representation will typically become desirable, in which case the TPEP Vehicles and the other Funds may hire separate counsel in our sole discretion, and in litigation and other circumstances, separate representation will occasionally be required. Law firms engaged to represent TPEP Vehicles and other Global Vehicles, partners in those firms or entities affiliated with those firms may be investors in such TPEP Vehicle or other Global Vehicle, and may also represent one or more Portfolio Investments or limited partners of such TPEP Vehicle and/or other Global Vehicles.

#### *Conflicts Arising from the Rates of Third-Party Advisors and Other Service Providers*

The TPEP Vehicles will retain or pay for advisors and service providers, including accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons and consultants. Some of these advisors and service providers also provide services to or have other relationships with us. While we will generally seek to engage advisors and service providers on behalf of the TPEP Vehicles on the basis of the quality of the advice and other services provided, these relationships may influence our decision to select or recommend an advisor or service provider to perform services for the TPEP Vehicles (the cost of which will generally be borne directly or indirectly by the TPEP Vehicles). In certain circumstances, advisors and other service providers may charge rates or establish other terms for advice and services provided to us, other Funds or any of their respective affiliates or Portfolio Investments that are different from and more favorable than those charged in respect of advice and services provided to the TPEP Vehicles. Moreover, whereas we typically negotiate on a matter-specific basis the rates or amounts payable for such services, the TPEP Vehicles may sometimes pay higher rates or amounts than we would for such services.

#### *Conflicts Arising from Interpreting the Provisions of the Governing Documents and Other Relevant Documents and Other Legal Requirements*

The Governing Documents are detailed agreements that establish complex arrangements among the TPEP Vehicle, investors in the TPEP Vehicle, us, the general partner of the TPEP Vehicle, and other entities and individuals. Questions arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations we adopt will not necessarily be, and need not be, the interpretations that are the most favorable to most investors.

### **ITEM 12 – BROKERAGE PRACTICES**

For the purposes of this Item 12, “we,” “us,” or “our” shall include the applicable TPG Management Company, except where context otherwise requires.

### *Investment or Brokerage Discretion*

For each of the Global Vehicles, we have sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. We seek the best price and execution available except to the extent we are permitted to pay higher brokerage commissions in exchange for brokerage and research services. “Best execution” means obtaining for a Global Vehicle the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer.

Securities transactions can be expected to generate brokerage commissions and other compensation that a Global Vehicle, and not us or our affiliates, will be obligated to pay. We have complete discretion in deciding which brokers or dealers a Global Vehicle will use and in negotiating the rates that a Global Vehicle will pay.

In selecting brokers or dealers, we generally consider various factors, including:

- the broker-dealer’s reputation, experience and financial stability;
- the broker-dealer’s ability to maintain our anonymity;
- the broker-dealer’s ability to provide competitive pricing;
- the transaction’s size and timing;
- the broker-dealer’s ability and willingness to commit capital and provide prompt and accurate execution and settlement;
- whether the broker-dealer makes a market in a security and/or finds sources of liquidity;
- the nature of the market for the security and the difficulty of execution;
- the broker-dealer’s trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market;
- the belief that the broker-dealer charges fair and reasonable fees for trades, and that the Global Vehicles have been treated fairly and honestly in prior trades;
- the quality of execution and service rendered by the broker-dealer in prior transactions;
- any proprietary research and investment ideas; and
- our overall relationship with the broker-dealer.

TPG BD may also, in some cases, act as a broker in transactions on behalf of Global Vehicles. However, TPG BD will only serve as a broker-dealer in a transaction if it is consistent with our fiduciary duties.



With respect to the Global Vehicles (excluding TPEP Vehicles), we have no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so-called “soft dollar” arrangements). However, we may select brokers or dealers who provide us research reports and services, including:

- proprietary broker-dealer company research and analyses;
- oral and written reports, statistics and advice about the economy, industries and individual securities’ or company investment opportunities;
- reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics; and
- opportunities to confer with company management.

With respect to TPEP Vehicles, we have formal arrangements with certain specific brokers or dealers to receive research or other services beyond transaction execution in exchange for higher brokerage commissions from client transactions (so-called “soft dollar” arrangements). In addition, we may select brokers or dealers who provide us with research reports and services, including the reports listed above.

In accordance with Section 28(e) of the Exchange Act, broker-dealers providing such services will from time to time be paid commissions on transactions for the TPEP Vehicles in excess of those that other broker-dealers not providing such services might charge so long as we determine in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided. Any such research service may be broadly useful and of value to us in rendering investment advice to all or a significant portion of the TPEP Vehicles, or may be relevant and useful for the management of one or only a few of the TPEP Vehicles’ accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. Recognizing the value of the brokerage and research services provided, we from time to time will allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction. A conflict of interest exists when a broker-dealer provides such research services, as we will have an incentive to favor such broker-dealer over another that may charge lower commissions.

We periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. We also periodically review the past performance of the broker-dealers with whom we have placed orders to execute Global Vehicle transactions in light of the factors discussed above.

Please refer to the section above entitled “*Conflicts Related to the Hiring of Asset Managers or Servicers*” for a discussion of potential conflicts of interests that affect our choice of service providers, including broker-dealers.

### *Cross Transactions*

Generally, we do not effect cross transactions between Global Vehicles (a “cross-fund transaction”); however, they may be effected in rare instances. Such cross-fund transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Global Vehicle may not receive the best price otherwise possible, or we might have an incentive to improve the performance of one Global Vehicle by selling underperforming assets to another Global Vehicle in order, for example, to earn fees. Additionally, in connection with such transactions, we

- may have significant investments, or intentions to invest, in the Global Vehicle that is selling and/or purchasing such an investment; or
- otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment).

We may receive management or other fees in connection with our management of the relevant Global Vehicles involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Global Vehicles.

In the event that we do effect cross-fund transactions between Global Vehicles, we will seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and our policies and procedures. In particular, we will seek to ensure that the transaction is:

- in our judgment, in the best interests of each Global Vehicle involved in the transaction; and
- in compliance with any investment guidelines or restrictions for these Global Vehicles.

In effecting these transactions, we will seek to ensure that the purchase or sale is effected at a price that is comparable to what price could be obtained through an arm’s-length transaction with a third party and that is otherwise fair to both parties. We will maintain documentation to memorialize the basis for determining fairness in pricing. Neither we nor any of our affiliates will receive any compensation for effecting a cross-fund transaction.

### *Trade Aggregation*

In pursuing our investment objectives, we from time to time cause Global Vehicles to purchase and sell publicly traded securities through brokers. If we have determined to sell or purchase a publicly traded security at the same time for more than one Global Vehicle, we will seek to ensure that combined orders for all Global Vehicles are generally placed while assigning pre-order allocations. If an order for more than one Global Vehicle cannot be fully executed, we typically “bunch” buy or sell orders for two or more Global Vehicles into a single large order, and place the bunched order with a single broker or dealer for execution. In many instances, such “bunching” of orders can result in lower commissions, a more favorable net price or more efficient execution than if each Global Vehicle’s order were placed separately. There may, however, be instances in which order bunching results in a less favorable transaction than a particular Global Vehicle would

have obtained by trading separately. Similarly, when orders are not bunched, there may be circumstances when purchases or sales of portfolio securities for one or more Global Vehicles will have an adverse effect on other Global Vehicles. We are not obligated to place all transactions on a “bunched” basis. We generally will seek to avoid putting any Global Vehicle at an advantage or disadvantage compared to other Global Vehicles that are buying or selling the same security. Each Global Vehicle participating in a “bunched” order generally will participate at the same price as all other participants, and all transaction costs on the order will be allocated pro rata to all participating Global Vehicles.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### ***Review of Accounts***

The investment portfolios of the Global Vehicles (other than the TPEP Vehicles) are generally private, illiquid and long- or medium-term in nature; accordingly, our review of them is not directed toward a short-term decision to dispose of securities. However, we closely monitor the Global Vehicles’ Portfolio Investments and generally maintain an ongoing oversight position in such Portfolio Investments.

In addition, with respect to investments such as bank and other loans, financings, originations and related credit, fixed income and other instruments and claims, we continually review and analyze existing investment positions to attempt to identify issues early on and to take action when necessary. We meet periodically with members of our investment review committee to update them on such portfolio positions and related matters.

With respect to RE Finance Trust Management, we actively manage the assets in its portfolio from closing of each investment to final repayment. TRTX is party to an agreement with Situs, one of the largest commercial mortgage loan servicers, pursuant to which Situs provides TRTX with dedicated asset management employees for performing asset management services pursuant to TRTX’s proprietary guidelines. Following the closing of an investment, this dedicated asset management team rigorously monitors the investment under our oversight, with an emphasis on ongoing financial, legal and quantitative analyses. Through the final repayment of an investment, the asset management team maintains regular contact with borrowers, servicers and local market experts monitoring performance of the collateral, anticipating borrower, property and market issues, and enforcing TRTX’s rights and remedies when appropriate.

We review TRTX’s entire loan portfolio quarterly, undertake an assessment of the performance of each loan, and assign it a risk rating between “1” and “5,” from least risk to greatest risk, respectively.

We provide continuous advisory services for the TPEP Vehicles. The Portfolio Investments of each TPEP Vehicle are primarily reviewed by us and our dedicated team of investment professionals. TPG provides general oversight and advice with respect to our investment decisions.

## ***Reporting***

We generally do not provide formal written reports to any Global Vehicle unless specifically requested by the general partner of the vehicle. We generally report to investors in a Global Vehicle in accordance with the applicable Governing Documents.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Global Vehicles have compensated, and expect in the future to compensate, broker-dealers who assist it in obtaining capital through commissions and underwriting discounts. Such amounts are generally payable by Global Vehicles, and as such, such expenses are indirectly borne by its investors.

For information regarding any economic benefits we receive from non-clients, including a description of related conflicts of interest, please see “*Item 10 – Other Financial Industry Activities and Affiliations*” above. In addition, we and our related persons, in certain instances, receive discounts on products and services provided by Portfolio Investments held by Global Vehicles and/or the customers or suppliers of such Portfolio Investments.

### **ITEM 15 – CUSTODY**

Not applicable.

### **ITEM 16 – INVESTMENT DISCRETION**

Pursuant to the Advisory Services Agreement of each Fund and certain Co-Investment Vehicles, and subject to the direction and control of the general partner of such Fund or Co-Investment Vehicle, we and the applicable TPG Management Company generally perform the day-to-day investment operations of each such Fund and Co-Investment Vehicle in accordance with the terms and conditions of the Advisory Services Agreement and Governing Documents of such Fund or Co-Investment Vehicle.

Some Co-Investment Vehicles are established to invest alongside one or more Funds in one or more particular investment opportunities. Because a Co-Investment Vehicle is typically contractually required, as a condition of its investment, to exit its investment in the particular investment opportunity at the same time and on the same terms as the applicable Fund that also is invested in the particular investment opportunity, we generally will not have any discretion to invest the assets of such Co-Investment Vehicles independent of such contractual requirements.

### **ITEM 17 – VOTING CLIENT SECURITIES**

For the purposes of this Item 17, “we,” “us” and “our” shall include the applicable TPG Management Company, except where context otherwise requires.

We have been delegated the authority to vote proxies (which, for these purposes, includes other corporate actions, such as consent requests) regarding securities held by the Global Vehicles. We have adopted and implemented policies and procedures reasonably designed to ensure that we vote proxies in the best interests of the Global Vehicles. In exercising our voting discretion, we seek to

avoid any direct or indirect conflict of interest between the Global Vehicles and the voting decision.

It is our general policy to vote or to give consent on all matters presented to security holders in any proxy or similar request, and our policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise to withhold our vote or consent on any matter if, in the judgment of certain of our professionals, the costs associated with voting such proxy outweigh the benefits to the applicable Global Vehicles or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable Global Vehicles.

Global Vehicles generally cannot direct our vote.

Our Chief Compliance Officer or his/her delegate (a “Proxy Reviewer”) is responsible for monitoring proxy decisions for any actual or perceived conflicts of interests. All proxy voting decisions require a mandatory conflicts of interest review by a Proxy Reviewer, which includes consideration of whether we or any investment professional or other person recommending how to vote the proxy has an interest in how the proxy is voted that may present a conflict of interest. When the Proxy Reviewer deems appropriate in his/her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Proxy Reviewer has the power to retain independent fiduciaries, consultants or professionals to assist with proxy voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

When voting proxies on behalf of Global Vehicles, we vote in a manner that we believe is consistent with the best interest of the Global Vehicles, which may include agreeing with a third party to vote on a matter in a particular manner if we deem such agreement to be in the best interest of the Global Vehicles. We do not permit proxy voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

In accordance with the requirements of the Advisers Act, we maintain records of our proxy voting for at least five years and, at a Global Advisee’s request, will furnish proxy voting information, free of charge, to the requesting Global Advisee within a reasonable period of time (usually within ten business days). Global Advisee may request proxy voting information by contacting the Chief Compliance Officer at (817) 871-4000 or by writing to TPG Global, LLC, Attn: Chief Compliance Officer, at 301 Commerce St., Suite 3300, Fort Worth, Texas 76102.

## **ITEM 18 – FINANCIAL INFORMATION**

Not applicable.