

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Arden Fund Management, LLC, and its controlling and controlled affiliates, as well as affiliates under common control (“Arden”). If you have any questions about the contents of this Brochure, please contact Joseph S. Caruso, our firm’s Chief Compliance Officer at the telephone number noted above. 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.

Arden is a registered investment adviser (“Investment Adviser”). Registration of an Investment Adviser does not denote, and should not be construed as implying, a certain level of skill or training on the part of our investment professionals. The oral and written communications of an Investment Adviser provide you with information about which you determine to hire or retain an Investment Adviser.

Additional information about Arden also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number for Arden, known as a CRD number. Our CRD number is 164662. Information about our firm is also available on our website at <http://www.ardengroup.com>.

Item 2 – Material Changes

Since our last brochure dated March 27, 2020, a risk disclosure regarding “COVID-19” was added to the “Material Risks” section of this brochure. In addition, we have included a list of Arden’s funds and their respective general partners. Also updated was Item 14, “Client Referrals and Other Compensation” to include the names of additional third-party firms. There have been no other material changes. In the future, this Item will discuss only specific material changes that are made to this Brochure and provide clients with a summary of such changes. We will further provide you with a new Brochure as necessary based on material changes or other new information, without charge.

Currently, you may request a copy of this Brochure at no charge by contacting Joseph S. Caruso, Arden’s Chief Compliance Officer, at 215.735.1313 or jsc@ardengroup.com.

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Item 4 – Advisory Business

Arden is a privately held real estate investment, management, and development company that currently serves as an investment adviser to nine real estate investment funds (“Funds”). Arden may, in the future, offer additional funds (also “Funds”) with similar investment objectives and strategies to the Funds. Arden may, in the future, offer additional real estate funds with similar investment objectives and strategies.

Headquartered in Philadelphia, Pennsylvania, Arden is a fully integrated real estate company that provides services across the entire real estate investment lifecycle. Arden acquires, develops, manages, and leases luxury hotels, resorts and condominiums and office properties in major markets and resort destinations where Arden deems the demand is proven but the assets are undervalued (“Real Estate Investments”). The Funds will make Real Estate Investments either by way of directly acquiring such assets through wholly-owned subsidiary entities (each such entity, a “Subsidiary Entity”) or by way of acquiring joint venture, membership or, in limited instances, limited partnership interests in entities that it does not wholly own (each such entity, whether such entity is a joint venture, limited partnership, limited liability company or other co-investment structure, a “Joint Venture”), which will acquire such assets. Arden’s investment objective for the Funds is to take advantage of perceived distress across the real estate industry and market downturns in specific submarkets, such as Class A office buildings and full-service hotels primarily in the top 20 to 25 U.S. metropolitan statistical areas, spanning from New York to Los Angeles, and other U.S. markets, in order to acquire direct and indirect real estate assets at market-suppressed prices. In addition, in the event that opportunities deemed significant by Arden exist to invest in other real estate or real estate-related asset types, including distressed debt such as non-performing notes, mortgages and other debt instruments related to real estate, the Funds may invest in such. Arden currently does not intend to invest a Fund’s assets in geographical areas other than the United States, but may do so in limited, opportunistic instances with the consent of a Fund’s advisory board (an “Advisory Board”).

Arden’s Real Estate Funds, established under Section 3(c)(5)(C) of the Investment Company Act of 1940, as amended, differ from Arden’s other private Funds because the nature of their investments will meet specific percentage tests (guidelines) for continuing qualification under Section 3(c)(5)(C). A Real Estate Fund managed by Arden will meet the following guidelines: at least 55% of its assets will consist of “mortgages and other liens on and interests in real estate” (called “qualifying interests”), and the remaining 45% of its assets will consist primarily of “real estate- type interests.” In maintaining its status as a Real Estate Fund, a real Estate Fund will ensure that it invests at least 80% of its total assets in qualifying interests and real estate-type interests, and no more than 20% of its total assets will consist of assets that have no relationship to real estate. Qualifying interests are assets that represent an actual interest in real estate or are loans or liens fully secured by real estate, and an asset is *not* a qualifying interest for purposes of Arden’s Section 3(c)(5)(C) Real Estate Funds if it is an interest in the nature of a security in another issuer engaged in the real estate business. It should be noted that certain mortgage- related instruments that may not be treated as qualifying interests may be treated as real estate- type interests.

Arden provides discretionary advisory services to their Funds (based on the particular investment objectives and strategies described in the applicable Fund” Documentation and any

side letters entered into between Arden on behalf of the Funds and Fund investors). The Arden Funds (and their respective general partners and managing members) are as follows:

- Arden Real Estate Partners I, LP, a Delaware limited Partnership (“AREPI”) (its general partner is Arden GP I, LLC);
- Arden Real Estate Partners II, LP, a Delaware limited Partnership (“AREPII”) (its general partner is Arden GP II, LLC) is a feeder fund for the Arden Real Estate Partners II Holdings USA (DE) (Master));
- Arden Opportunity Fund II, LP, a Delaware limited Partnership (“AOFII”) (its general partner is Arden Opportunities Fund II GP, LLC);
- Arden Real Estate Partners II-Q, LP, a Delaware limited Partnership (“AREPII-Q”) (its general partner is Arden GP II, LLC) is a feeder fund for the Arden Real Estate Partners II Holdings USA (DE) (Master);
- Arden Credit Fund, LP, a Delaware limited partner, (its general partner is Arden Credit Fund GP, LLC);
- Arden Real Estate Partners III, LP, a Delaware Limited Partnership (“AREPIII”) (its general partner is Arden GP III, LLC) and Arden Real Estate Partners III LP, a Cayman Island feeder fund;
- AREPIII Parallel S Fund, LP, a Delaware Limited Partnership (“AREPIII Parallel S”) (its general partner is Arden GP III, LLC);
- AREPIII 1735 Investors, LLC, a Delaware Limited Partnership (“AREPIII 1735 Investors”) (its general partner is AREPIII 1735 GP, LLC); and
- Arden Qualified Opportunity Zone Fund, LP, a Delaware Limited Partnership (“AQOZ”) (its general partner is Arden QOZ GP, LLC).

Arden manages one of its Real Estate Funds with a different objective and strategy than that of the other Funds, as described below in *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss – II. Debt*. Such Real Estate Fund invests all of its assets in an entity that qualifies as a Real Estate Investment Trust (a “REIT”) as set forth in Subchapter M of Chapter 1 of the Internal Revenue Code of 1986.

Arden is controlled by Craig A. Spencer. Mr. Spencer formed Arden in 1989 to capitalize on the expertise he had developed over his career in real estate acquisition, development, and management. As Chief Executive Officer of Arden, Mr. Spencer utilizes his more than 30 years of experience to direct the acquisition and management operations of the Funds’ Real Estate Investments. Mr. Spencer is a licensed attorney who specialized in real estate, banking, and bankruptcy law.

Assets under Management: As of December 31, 2020, Arden had \$867,065,890 of regulatory assets under discretionary management and no assets under non-discretionary management.

Item 5 – Fees and Compensation

Management Fee

The specific manner in which fees are charged by Arden to a Fund is disclosed in each Fund's confidential private placement offering memorandum. By way of example, an investor in Arden Real Estate Partners II, LP, will pay the Fund's manager an annual "Management Fee" ranging from 2.0% of the investor's aggregate capital commitment to the Fund to 1.0% of the investor's aggregate capital commitment to the Fund depending on the amount of an investor's overall commitment to the Fund and the life cycle of the Fund, as described in detail in the Fund's confidential private placement offering memorandum.

Each Limited Partner will pay its portion of the management fee for the initial calendar quarter to the Fund on or prior to the date of the initial closing (which will be prorated on a daily basis from the date of the initial closing of the Fund until the end of such fiscal quarter), with certain exceptions as are more fully described in the Fund's confidential private placement offering memorandum. Thereafter, each Limited Partner will make an additional capital contribution to the Fund in order to pay its portion of the management fee on or prior to the first business day of each subsequent fiscal quarter.

Performance Fee – Arden's Profits Share ("Carried Interest")

The Performance Fee to be received by each Arden affiliate that acts as a general partner to a Fund is a share of the profits earned on investments made by a Fund. For purposes of this discussion, a controlled general partner entity established by Arden to manage a Fund shall be referred to as a "General Partner." Each Fund is subject to the terms and conditions of its confidential private placement memorandum regarding these fees and the discussion in this Item 5 is only meant to be illustrative. By way of example, we again will refer to Arden Real Estate Partners, II, L.P. In respect of the Fund, net cash flow available for distribution, which will include distributions attributable to sales and refinancing proceeds, will be determined on an aggregate basis. Net cash flow, less capital reserves determined in the General Partner's discretion, will be distributed at least quarterly pursuant to the following distribution hierarchy, subject to tax distribution:

- (a) First, 100% to all Partners pro rata in accordance with their respective unreturned capital contributions, until they have received a 10% cumulative annual return, compounded annually, on their unreturned capital contributions (the "Preferred Return");
- (b) Second, 100% to all Partners, pro rata in accordance with their respective unreturned capital contributions, until each Partner's capital contributions have been fully returned;
- (c) Third, 100% to the General Partner, until the General Partner has received (excluding amounts received by the General Partner as a Partner on a pro rata basis with all other Partners) 20% of the cumulative distributions under subsection (a) and this subsection (c); and
- (d) Last, (i) 20% to the General Partner and (ii) 80% to all Partners, pro rata in accordance with their respective Interests.

Distributions made to the General Partner pursuant to subsections (c) and/or (d)(i) above are generally referred to collectively as the General Partner's "Carried Interest".

Limits on the Carried Interest– the General Partner "Clawback"

Using the same Fund as an example, upon liquidation and dissolution of the Fund or the General Partner's interest in the Fund, the General Partner will be obligated to restore certain amounts received as Carried Interest distributions (including advance distributions to pay taxes attributable to future Carried Interest distributions) to the extent that, and only to the extent that, the Partners did not receive a return of all of their capital contributions plus the Preferred Return thereon over the life of the Fund and to the extent necessary to ensure that the General Partner did not receive Carried Interest distributions in excess of 20% of the profits of the Fund. In no event will the General Partner be required to restore more than its excess share of the Carried Interest distributions which it actually received; less income taxes attributable to such excess share.

Other Fees and Expenses - Affiliate Service Fees and Subsidiary-Level Carried Interest

In addition to the Management Fee and Carried Interest, affiliates of a Fund's General Partner may be paid fees based on prevailing market rates in consideration for providing development, construction management, property management, leasing, sales, financing, marketing and other similar services to a Fund and the Subsidiary Entities and Joint Ventures. Arden also may receive a disposition fee upon the disposition of each Real Estate Investment made by a Fund equal to 1% of the gross sales price of a Real Estate Investment.

The General Partner of a Fund may also cause a Fund or a Subsidiary Entity to enter into a Joint Venture or other investment vehicle with one or more other partners, members or other investors, in connection with which such other investors may grant to the General Partner (or one of its affiliates) a profit or carried interest (a "Subsidiary-Level Carried Interest"). In any such event, such Fund would not be subject to any Subsidiary-Level Carried Interest payable to the General Partner or its affiliates, and any Subsidiary-Level Carried Interest received by a Fund's General Partner or its affiliates shall be shared equally between the General Partner (or its affiliate) and a Fund. The General Partner will disclose all affiliated fees to a Fund's Advisory Board and, except with respect to agreements meeting certain pre-approved fee guidelines detailed in the limited partnership agreement (a "Limited Partnership Agreement") governing a Fund's operations, all affiliated service fee arrangements must be approved in advance by a Fund's Advisory Board (excluding any member of the Advisory Board who is an affiliate of the General Partner).

On February 6, 2017, the Advisory Board for the Funds approved of the payment of title servicing fees by the Funds to an affiliate of Arden.

Expense Reimbursement

Depending on the particular disclosures set forth in a Fund's confidential private placement offering memorandum, a Fund will be responsible for all expenses related to its activities, including such items as legal, auditing and accounting expenses, costs related to the investigation, purchase or sale (whether or not consummated) and holding of investments, interest on borrowed funds, taxes, commissions and brokerage fees, the cost of liability insurance to protect the Fund,

the General Partner, the Fund Manager, and members of the Advisory Board, indemnification expenses, extraordinary expenses such as litigation expenses, costs incurred in registering (or obtaining exemptions from registration for) securities with the SEC and any securities exchange or any other similar authority, expenses associated with annual meetings of the Fund and the Fund's various boards and committees, salaries of Advisory Board members and all other expenses properly chargeable to the activities of the Fund, including fees payable to third parties in connection with the selection, identification, analysis or evaluation and holding of prospective investments of the Fund. Additionally, a Fund will be responsible for all reasonable offering and organizational expenses incurred with respect to the formation of the Fund and any parallel partnerships formed to accommodate specific investors. For example, in respect of the two most recent Funds offered by the Adviser, the Funds will pay the General Partner an amount equal to 1% of the aggregate Capital Commitments to the Fund and the Parallel Partnerships, if any, in respect of "Offering and Organizational" expenses relating to the formation of the Fund, the General Partner and the Fund Manager, and the efforts and activities of the General Partner, the Fund Manager and their respective principals and affiliates with respect thereto. For the avoidance of doubt, "Offering and Organizational" expenses include, but are not limited to, the salaries of the principals of the General Partner while specifically undertaking organizational and offering activities and tasks on behalf of the Fund, as well as all travel and entertainment costs incurred in connection with such organizational and offering activities. The payment to be made to the General Partner as described in this paragraph will be paid regardless of the actual amount of "Offering and Organizational" expenses. The General Partner will be solely responsible for "Offering and Organizational" expenses to the extent they exceed 1% of the total Capital Commitments to the Fund and the Parallel Partnerships, if any.

Item 6 – Performance-Based Fees and Side-By-Side Management

Arden charges Performance Fees (Carried Interest) as described above in Item 5. All of the Funds for which Arden provides advisory services charge such Fees, so there is no so-called "side-by-side" management by Arden of Funds or other clients that charge Performance Fees and those that do not charge such Fees.

Item 7 – Types of Clients

Arden provides investment advisory services exclusively to private investment funds.

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

I. Equity

a. Methods of Analysis

It should be noted that, in this Item 8, all discussions pertaining to a "Fund" will apply equally to any Real Estate Fund that may be launched in the future that invests with the same

investment objectives as the Funds. The Real Estate Fund will make all of its investments through wholly-owned subsidiary entities or REITS.

Arden applies a fundamental method of analysis. Arden's method of analysis is based on a fundamental belief that existing real estate market fundamentals coupled with distressed sellers motivated by real estate market fluctuations will afford a Fund an opportunity to acquire real estate properties for its portfolio that will generate favorable risk adjusted returns. In making a decision in respect of an asset for a Fund's portfolio based on a fundamental analysis, Arden will consider the current investment, economic, and real estate environment. In sum, Arden's investment decisions are based on a critical analysis of current and near-term market conditions, as well as macro-economic forecasts and market trends. Arden's fundamental analysis will be applied to more specific parameters on a deal-by-deal basis when considering a particular Real Estate Investment for a Fund using the following baseline information:

- Project history / Existing tenants
- Description of improvements and saleable components
- The property's controlling entity
- Cost of construction
- Sales/Leasing history

Arden utilizes this method of analysis within the context of its straight-forward investment philosophy - Arden believes that its success will be predicated on its ability to mitigate risk and perform well during all phases of an economic cycle. Accordingly, in effectuating its investment philosophy, Arden will emphasize the preservation of capital through a disciplined approach to due diligence, underwriting, transaction structuring, and asset management. The Fund's investment philosophy for successful long-term financial performance and risk management will be to create and maintain a well-diversified portfolio, utilize premier real estate asset managers, and report to clients on a timely and comprehensive scale on the status of their Fund assets.

b. Investment Strategies

In effectuating an investment strategy for the Funds, Arden anticipates attracting significant, high quality investment opportunities through the relationships, contacts and market presence of Arden's principals. Arden believes that sellers of real estate assets (particularly those with substantial properties or portfolios) select buyers who have the resources and reputation for consummating transactions. Accordingly, Arden seeks to rely on its management team's reputation and the significant other business relationships of its principals in competing on behalf of a Fund for properties that are not widely marketed for sale. Moreover, Arden's principals and certain members of the Funds' Advisory Boards have long standing relationships in the real estate community that will allow Funds to have access to purchase opportunities that otherwise may not be available to those funds whose principals are less well-known in the real estate markets.

Investment Approach

Arden plans to invest on behalf of a Fund in operating assets currently realizing positive cash flow and assets in need of operational improvements and repositioning, and to capitalize upon

the current distress in the real estate industry to achieve attractive acquisition prices, with a primary focus on the acquisition of Class A office buildings and full-service hotels and resorts. In deploying capital for a Fund, Arden may leverage an investment balancing debt and equity in a fashion deemed prudent by Arden, as more fully described in a Fund's confidential private placement memorandum. In addition, when selecting investments for a Fund, Arden will take into account such other factors as geography, asset class and required capital.

Arden intends to employ an investment approach for the Funds it manages utilizing strategies and principles similar to those applied in prior transactions in respect of direct investments in real property assets by The Arden Group and its affiliates. For example, past investments that will serve as guidance for a Fund's investments are based on strategies and principles that include, but are not limited to:

- Utilizing developed investment origination networks to identify and control attractive investment opportunities while capitalizing on the often-inherent inefficiencies of the real estate sales process. Arden's network often includes "first-look" relationships with third-party brokers, lenders, property owners, and other real estate professionals. Arden believes that this network provides it with an advantage over its competition in originating investment opportunities;
- Channeling a Fund's origination resources toward specific investment opportunities and dynamic markets that exhibit asset, market, transactional or situational complexities in respect of which Arden can apply its valuation, acquisition, and asset management expertise, where such expertise is based on the principals' respective experiences with similar assets across a variety of real estate markets;
- Apply Arden's risk management techniques and operational experiences to each phase of a particular investment's lifecycle in order to maximize performance. During the origination and underwriting phase of each new Real Estate Investment, these disciplines will be utilized to establish valuation and performance benchmarks; and
- Plan for and prioritize alternative exit strategies for each Real Estate Investment before the investment is consummated.

Acquisition Program

Arden's investment principles include the investment in Real Estate Investments that can be acquired on a value-oriented basis and that need repositioning. It is contemplated that each Real Estate Investment will be held (i) indirectly in a separate wholly owned Subsidiary Entity or (ii) indirectly as a general partner or member with significant major decision rights in a Joint Venture with third parties.

Arden plans to maintain an active acquisition program for the Funds it manages with a particular focus in the following areas:

- Acquisition of assets in key markets throughout the United States from special servicers, lenders and undercapitalized sellers at values below market or replacement costs; and

- Acquisition of assets in key markets at suppressed prices due to a significant imbalance between property values and maturing debt as a result of the recent economic recession and/or surplus inventory in overheated markets.

In addition, Arden identifies specific markets for property acquisitions that are typically not core institutional investor markets. Transactions will be sourced through established and new relationships with key market stakeholders such as local developers and operators, real estate brokers and lenders.

Property Types

Arden believes that a mix of various types of properties will allow a Fund to benefit from a diverse set of fundamentals and help spread risk during various real estate cycles.

Property Locations

Arden will focus on the top 20 to 25 U.S. metropolitan statistical areas, spanning from New York to Los Angeles. Arden may determine from time to time that other markets provide opportunities given the investment profile of a Fund.

Joint Venture Interests

Arden may seek joint venture relationships with local operating partners or other arrangements when acquiring Real Estate Investments on behalf of a Fund. Joint venture partners may be required to make a direct capital investment in the property-owning Subsidiary Entity and may be expected to handle a majority of the on-site development, property management, and leasing responsibilities. Arden will look to joint venture certain Real Estate Investments that require very specific market knowledge and direct involvement with service providers and contractors, as Arden deems it important that the local, interested party have a vested interest in such projects.

Debt /Leverage

Arden intends to use various debt instruments to fund a portion of the acquisition cost of a Fund's Real Estate Investments. The specific level and amount of debt utilized will depend on the property type, location, risk profile, and overall size of the transaction, as more fully described in a Fund's confidential private placement memorandum.

Capital Transactions

As a function of a standard real estate cycle, Arden will continuously evaluate major capital transactions on behalf of a Fund. This will include refinancing opportunities as well as the potential to sell a property if the fundamentals and returns are deemed by Arden to make economic sense for a Fund.

c. Risk of Loss

This Brochure only contains a descriptive discussion of the potential risks of loss in connection with the Adviser's investment strategies for the Funds it manages. Among other things, the value of real estate assets could be adversely affected in the event of a natural disaster, severe weather events, climate change, earthquakes, fires, war, terrorism, health pandemics and other public health crises. **A more thorough discussion of the potential risk factors in connection with an investment in a Fund is contained in each Fund's confidential private placement memorandum and should be read thoroughly before an investment in a Fund is made by any investor.**

The outbreak of the novel coronavirus (COVID-19) in many countries has adversely impacted global commercial activity and has contributed to significant volatility in the real estate markets. Any such economic impact could adversely affect the performance of a client's investments and, as a result, the novel coronavirus (COVID-19) presents material uncertainty and risk with respect to overall performance and financial results. In addition, the resulting financial and economic market uncertainty may adversely affect the valuations of investments recommended to clients as well as those investments made by the firm on behalf of its clients.

Identifying Investments

There can be no assurance that Arden will be able to identify suitable Real Estate Investments or negotiate satisfactory terms of investment in such properties. Additionally, potential investors in a Fund will not have the opportunity to evaluate prospective portfolio properties in which a Fund will invest in advance of any investment. Arden's selection of Real Estate Investments will not be subject to the approval of a Fund's Partners. Potential investors will be relying entirely on the ability of Arden to select well-performing investment opportunities.

Projections

A Fund may rely upon projections, forecasts or estimates developed by Arden or a third party concerning an investment's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond a Fund's control and may differ from those assumed. Accordingly, there can be no assurance that estimated returns or projections in respect of a Fund can be realized or that actual returns or results will not be materially lower than estimates.

Investments Held by a Fund May Not Be Diversified

A Fund has no established limits or constraints with respect to geographic regions, property types, or product types other than that a Fund will not directly or indirectly invest in assets located outside the United States without the prior approval of a Fund's Advisory Board. Lack of diversification across a portfolio may increase a Fund's exposure to adverse real estate or capital market conditions in a given region, property or product type. A Fund may participate in a limited number of investments, which may be adversely affected by the unfavorable performance of a

single investment.

Non-U.S. Investments

While Arden does not intend for a Fund to pursue Real Estate Investments outside of the United States, it may do so with the consent of a Fund's Advisory Board. Any such investments may entail additional risks, including, without limitation, the risk of adverse changes in the applicable foreign laws, regulations, monetary exchange rate(s) and risks of expropriation, nationalization, repatriation, and the imposition of restrictions on foreign investment, among others.

Limited Liability of Management; Indemnification of Management

The Limited Partnership Agreement of a Fund provides that neither Arden nor its employees, managers, directors, contractors, or agents will be liable, responsible, or accountable, in damages or otherwise, to a Fund or to any Partner for any breach of duty to the Fund or the Partners or for any act or failure to act pursuant to the Limited Partnership Agreement. The Limited Partnership Agreement of a Fund also provides that the Fund will indemnify Arden and such other parties to the fullest extent permitted by law, from and against any loss, damage, liability, cost or expense arising out of or in connection with any act or alleged act or failure to act in managing the affairs of the Fund, except for any loss, damage or liability in connection with a Fund or its affairs resulting from such indemnified person's gross negligence, willful misconduct or material and uncured breach of the Limited Partnership Agreement.

Restrictions on Transfers and Withdrawals/Lack of Liquidity

The interests in a Fund ("Interests") have not been and will not be registered under the Securities Act of 1933 (the "1933 Act") or applicable state securities laws and may not be resold unless registered or an exemption from such registration is available. The Partners have no right to require registration of the Interests and there will not be a market for the Interests. Transfer of the Interests is subject to significant restrictions. Because of these restrictions and the absence of a public market for the Interests, a Partner may be unable to liquidate its investment even though its personal financial circumstances would make liquidation advisable or desirable.

The Funds Will Be Dependent on Arden

The Fund's investments will be chosen by Arden and will, in certain circumstances, be subject to the approval of the Advisory Board. Accordingly, the loss of the services of any key member of Arden or a Fund's Advisory Board could have a material adverse effect on a Fund's business and prospects.

Limitation on Participation in Management

Limited Partners have no right to participate in the management of a Fund, and their ability to participate in making decisions that may materially affect the value of their investment will be very limited.

Environmental Matters

Under various federal, state, and local environmental laws and regulations, a current or previous owner or operator of real estate may be required to investigate and clean-up hazardous or toxic substances or other pollutants or regulated materials (or threatened releases of such materials) at such property and may be held liable to a government entity or to third parties for property damage and for investigation, clean-up and monitoring costs incurred by such parties in connection therewith. In relation with its ownership and operation of properties, a Fund may be liable for such costs, which may be substantial. Please consult the Funds' confidential private placement memorandums for a more complete description of this risk factor.

Absence of Regulation

The Funds managed by Arden are not registered under, nor do they intend to register under, and are not subject to, the Investment Company Act of 1940, as amended, in reliance on an various exceptions from registration provided by Section 3(c) under such Act. Interests in the Funds also are not registered under the 1933 Act in reliance on an exception from registration under such Act provided by Section 4(2) and Regulation D (Rule 506) thereunder. Consequently, the Funds are subject to significantly less U.S. federal or state regulation and supervision than other types of investment vehicles or investments generally.

Income Tax Risks

An investment in a Fund involves complex U.S. federal, state, and local income tax considerations that will differ for each Investor; in some cases, an Investor may have to bear out of pocket expenditures to cover its tax liability.

II. Debt

a. Methods of Analysis

Arden launched its first private credit Real Estate Fund in April 2017 (the "Credit Fund"). In deploying its method of analysis for selecting investments for the Credit Fund, Arden attempts to identify investments that will perform well in all phases of an economic cycle. Investment decisions will be predicated on current and near-term market conditions, as well as macro-economic forecasts and market trends, in assembling a portfolio of debt investments collateralized by high quality assets located in markets with demographics deemed favorable. In analyzing investments for the Credit Fund's portfolio, Arden starts with the notion that commercial real estate ("CRE") market cycles are driven historically by the two key factors - user demand and capital flows – with the early stages of real estate cycles seeing initial capital flows in the major or "gateway" markets such as New York, San Francisco, Boston, Washington DC and Los Angeles, as well as select other markets that are demonstrating strong white collar job growth. Arden believes that since CRE is a cyclical business, its analysis should begin with identifying investments collateralized by high quality assets that are well located in major markets.

b. Investment Strategy

Investment Approach

Arden plans to focus on investment opportunities where it believes that its real estate investment, operating and debt structuring expertise provide the ability to maximize returns and manage risk. Specifically, Arden plans to target segments of the lending market where complexity limits competition, such as transitional properties, complex capital structures or rescue capital. Arden believes that the majority of the CRE debt market is oriented towards stabilized assets - properties that are well leased with stable, in-place cash flow; whereas transitional properties undergo renovation, repositioning or redevelopment and require a borrower to execute a business plan to increase property cash flow and value. Arden believes that, due to the complexities of evaluating and monitoring a borrower's execution of its business plan, the universe of CRE lenders targeting transitional assets is a small subset of the broader lender universe. From Arden's view, traditional lenders generally try to limit exposure to transitional assets as they lack the asset management infrastructure and operating expertise necessary to remedy borrower non-performance. As a result, such transactions generally offer high returns and attract less competition. Arden believes that with its capabilities as an owner- operator and with its experience in successfully managing transitional assets through market cycles, it is well positioned to invest and manage transitional debt investments for the Credit Fund consistent with the objective of achieving the target returns primarily through current income.

Acquisition Program

In sourcing investments for the Credit Fund, Arden's primary focus will be to directly originate investments. Arden believes that this provides greater ability to control capital structure, loan and inter-creditor terms and conditions, as well as transaction economics. Investment opportunities will be sourced directly through Arden's relationships with property owners, brokers, banks, insurance companies and other lenders, and existing borrower relationships. Arden may also acquire investments for the Credit Fund that are syndicated or sold by other lenders, either at origination or in the secondary market.

Property Types

Arden's Credit Fund will invest in first mortgages, B-notes (subordinate interests in first mortgages), mezzanine loans and preferred equity secured by or backed by interests in entities owning CRE properties. Arden may source whole loans for the Credit Fund that are then divided into first mortgage A and B notes, and/or mezzanine loans.

Leverage Ratio

Arden will seek to achieve its target returns primarily through investments that do not require portfolio leverage. Syndication will be the primary means to enhance returns and manage risk retention. Arden believes that syndicating senior debt positions at lower yields enhances the return of the retained subordinate position while allowing the Credit Fund to retain control over

loan decisions. In some cases, the Fund may syndicate pari-passu portions of an investment to reduce exposure, though it intends to retain the control rights. Generally, as regards originated first mortgages Arden will syndicate such mortgages to other lenders, though in some cases high yielding mortgages may be retained. To the extent that the Credit Fund retains term or bridge first mortgage loans, it may finance such investments through asset-based financing with limited recourse to the Credit Fund and a maximum 50 % leverage ratio of total debt to total invested capital in the Credit Fund's portfolio.

Asset and Portfolio Management

Through regular monitoring of reporting and communication with a borrower along with periodic site visits and market updates, Arden believes that this will allow the Credit Fund to be a value-added lender that helps borrowers to successfully achieve their business plans. Arden believes that the maintenance of adequate liquidity for the Credit Fund will be a key element of portfolio management because when borrowers require additional capital or distressed lenders wish to exit a transaction, such situations may create captive and accretive investment opportunities.

c. Risk of Loss

This Brochure only contains a descriptive discussion of the potential risks of loss in connection with the Adviser's investment strategies for the Credit Fund. Among other things, the value of real estate assets could be adversely affected in the event of a natural disaster, severe weather events, climate change, earthquakes, fires, war, terrorism, health pandemics and other public health crises. **A more thorough discussion of the potential risk factors in connection with an investment in the Fund is contained in the Fund's confidential private placement memorandum and should be read thoroughly before an investment in the Fund is made by any investor.**

Identifying Investments

The activity of identifying, completing, and realizing the types of investments that the Credit Fund plans to make is highly competitive and involves a high degree of uncertainty and will be subject to market conditions. The Fund will be competing with a number of entities for investments, including REITs, specialty finance companies, savings and loan associations, banks, mortgage bankers, insurance companies, mutual funds, institutional investors, investment banking firms, other lenders, governmental bodies and other entities or individuals. Many of the Fund's competitors are substantially larger and have considerably greater financial, technical and marketing resources than does the Fund. In addition, some of the Fund's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Fund. As a result of this competition, the Fund may not be able to take advantage of attractive investment opportunities from time to time, and the Fund can offer no assurance that it will be able to identify, complete and exit investments that are consistent with its investment objective, or realize upon their values, or that it will be able to fully invest its committed capital.

Debt Investments Generally

Debt investments are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Debt securities generally involve less market risk than equity securities. However, the risk of debt securities can vary significantly depending upon factors such as the issuer and maturity. For example, the borrower of a loan may default or otherwise become unable to honor a financial obligation. The debt securities of some companies may be riskier than the equity securities of others.

Commercial Real Estate Securities and Loans Generally

The Credit Fund will invest in securities or loans (including participation interests in loans) that are principally secured by mortgages on real property or interests therein having a multifamily or commercial use. Such securities and loans may include, but are not limited to, loans in condominium properties, undeveloped land and construction loans, all of which are generally referred to herein as commercial loans. In the case of securities, such securities are issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. Risks affecting real estate investments generally (and especially stressed or distressed real estate investments) include general economic conditions, the condition of financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

The cyclical nature and leverage associated with real estate-related investments have historically resulted in periods, including significant periods, of adverse performance, including performance that may be materially more adverse than the performance associated with other investments. In addition, commercial mortgage loans generally are non-recourse loans, lack standardized terms, tend to have shorter maturities than residential mortgage loans and may provide for the payment of all or substantially all of the principal only at maturity. In some cases, the properties securing commercial mortgage loans may be subject to additional debt that may affect the related borrower's ability to refinance the loan and/or result in reduced cash flow and deferred maintenance. Additional risks may be presented by the type and use of a particular commercial property.

Projections

The Credit Fund may rely upon projections, forecasts or estimates developed by Arden or a third party concerning the Fund's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Fund's control and may differ from those assumed. Accordingly, there can be no assurance that estimated returns or projections in respect of the Fund can be realized or that actual returns or results will not be materially lower than estimates.

Investments in Diverse Markets

In seeking diversity in its investments, the Credit Fund will spread risk over various markets. Each market has unique risks not otherwise attributable to all real estate investment types. Investment in a particular asset may involve special risks such as population levels, economic conditions or employment conditions each of which may increase or decline resulting in unforeseen impacts on the stability of a real estate investment. These factors can also affect an investment in immediately surrounding geographic areas as well as regional and national markets. For example, any of these developments likely would have an adverse impact on the size or income levels of the housing population in an area and a negative impact on the occupancy rates, rent levels and property values of housing opportunities. Limited Liability of Management.

Indemnification of Management

The Limited Partnership Agreement of the Credit Fund provides that neither Arden nor its employees, managers, directors, contractors, or agents will be liable, responsible, or accountable, in damages or otherwise, to the Fund or to any Partner for any breach of duty to the Fund or the Partners or for any act or failure to act pursuant to the Limited Partnership Agreement. The Limited Partnership Agreement of the Fund also provides that the Fund will indemnify Arden and such other parties to the fullest extent permitted by law, from and against any loss, damage, liability, cost or expense arising out of or in connection with any act or alleged act or failure to act in managing the affairs of the Fund, except for any loss, damage or liability in connection with the Fund or its affairs resulting from such indemnified person's gross negligence, willful misconduct or material and uncured breach of the Limited Partnership Agreement.

Restrictions on Transfers and Withdrawals/Lack of Liquidity

The Interests in the Credit Fund have not been and will not be registered under the 1933 Act or applicable state securities laws and may not be resold unless registered or an exemption from such registration is available. The Partners have no right to require registration of the Interests and there will not be a market for the Interests. Transfer of the Interests is subject to significant restrictions. Because of these restrictions and the absence of a public market for the Interests, a Partner may be unable to liquidate its investment even though its personal financial circumstances would make liquidation advisable or desirable.

The Fund Will Be Dependent on Arden

The Credit Fund's investments will be chosen by Arden and will, in certain circumstances, be subject to the approval of the Advisory Board. Accordingly, the loss of the services of any key member of Arden or the Fund's Advisory Board could have a material adverse effect on the Fund's business and prospects.

Limitation on Participation in Management

Limited Partners have no right to participate in the management of the Credit Fund, and their ability to participate in making decisions that may materially affect the value of their

investment will be very limited.

Environmental Matters

The Credit Fund's Portfolio Investments may be exposed to substantial risk of loss from environmental claims arising in respect of investments made in properties with undisclosed or unknown environmental problems or as to which inadequate reserves have been established, as well as from occupational safety issues and concerns. The Fund may become liable as an owner of the property underlying an investment through the exercise of certain remedies with respect to the debt held by the original property owner. Under various U.S. federal, state, local and other applicable laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such enactments often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances.

Absence of Regulation

The Credit Fund managed by Arden is not registered under, nor do they intend to register it under, and it is not subject to, the Investment Company Act of 1940, as amended, in reliance on an exception from registration provided by Section 3(c)(5)(C) under such Act. Interests in the Fund also are not registered under the 1933 Act in reliance on an exception from registration under such Act provided by Section 4(2) and Regulation D (Rule 506) thereunder. Consequently, the Fund is subject to significantly less U.S. federal or state regulation and supervision than other types of investment vehicles or investments generally.

Income Tax Risks

A Limited Partner's tax liability for a year may exceed such Limited Partner's cash distributions for such year. In such event, the Limited Partner will have to utilize other means to satisfy such tax liabilities. Arden as General Partner has no present intention to make cash distributions to Limited Partners for the specific purpose of enabling Limited Partners to satisfy such tax liabilities. Arden as The General Partner, however, will be entitled to receive a distribution based on an assumed liability of its members with respect to allocations of income and gain from the Fund. Any such distributions will reduce the amount of future distributions (other than distributions described in this paragraph) to the General Partner.

Item 9 – Disciplinary Information

SEC-registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Arden or the integrity of Arden's management team. As of the date of this Brochure, Arden has no legal or disciplinary events or information to report.

Item 10 – Other Financial Industry Activities and Affiliations

Entities within Arden's affiliated group may from time to time be engaged to provide services other than investment advisory services with respect to Real Estate Investments held by the Funds, including, without limitation, development, construction management, property management, leasing, brokerage, marketing and sales services, in which event such affiliated entity, including Arden's controlling parent company, The Arden Group, Inc., will be entitled to receive fees at market rates for the provision of such services, subject in certain instances to the Funds' Advisory Board approval for the avoidance of any potential conflicts of interest as between an Arden affiliate on the one hand and a Fund on the other hand. Such fees also will include acquisition and disposition fees in respect of Real Estate Investments.

Item 11 – Code of Ethics

Arden has adopted a Compliance Manual and Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to the Funds and their investors. The Compliance Manual and Code of Ethics includes provisions relating to the confidentiality and privacy protection of client information, a data privacy policy including an information security program, an anti-money laundering program, prohibitions on insider trading, restrictions on the use of social media in the context of Arden's or the Funds' business operations, restrictions on political contributions, and personal securities trading procedures, among other policies and procedures meant to address potential conflicts of interest as between Arden on the one hand and the Funds on the other hand. All supervised persons at Arden must acknowledge the terms of the Compliance Manual and Code of Ethics annually, or at a sooner time if the Code of Ethics is materially amended.

As noted, the Code of Ethics is designed to assure that the activities and interests of certain employees of Arden, especially those persons with access to information about the investments being considered for or made by the Funds, will not interfere with making decisions in the best interest of the Funds.

Arden's clients or prospective clients may request to review a copy of the firm's Code of Ethics by contacting Joseph S. Caruso at jsc@ardengroup.com or calling 215.735.1313.

Item 12 – Brokerage Practices

This Item is not applicable to Arden because it does not trade securities through broker-dealers.

Item 13 – Review of Accounts

Within days after the end of the first three calendar quarters and within 120days after the

end of the fourth calendar quarter, Arden provides to its Fund investors a report that contains the following information:

- A written overview of the performance of a Fund.
- For the underlying real estate investments of a Fund, the current quarter valuation, prior quarter valuation, prior year-end valuation, and the most recent independent valuation.
- A summary of the underlying Real Estate Investments of a Fund, which will include, among other items, date of acquisition, square footage of property, loan amount, loan maturity, interest rate, loan-to-value ratio, equity invested in each property, and the internal rate of return.
- The net operating income for the quarter and year to date.
- GAAP financial statements of a Fund including a balance sheet, statement of operations, and cash flows.
- Year to date same property performance for the current year and prior year, as applicable.

Item 14 – Client Referrals and Other Compensation

Arden has a written contractual arrangement with several third-party firms, including CliftonLarsonAllen Wealth Advisors, LLC (CliftonLarson), Focus Point Capital Group, Greenstone Group FZC, and RCX Capital Group, Equus Financial Consulting, LLC, Casa de Bolsa Finamex, and Mint Projects International, LLC which are unaffiliated broker-dealers registered with the Securities and Exchange Commission, for the provision of investor referral services for its clients (the Funds and the Real Estate Funds). Each written contractual arrangement is based, at least in part, on an asset-based compensation arrangement from Arden for the referral of investors to the Funds.

Item 15 – Custody

Arden is deemed to have custody of client (the Funds') assets because affiliates in the group serve as the General Partners to the Funds. However, Arden will not be required to adhere to any specific restrictions applicable to investment advisers with custody of client assets because all of Arden's clients are private equity real estate investment funds (the Funds) and Arden will ensure that investors in the Funds are provided annually with audited financial statements prepared in accordance with generally accepted accounting principles, which will be delivered within 120 days after the end of a Fund's fiscal year. The independent public accountant retained to perform the Funds' annual audit will at all times be registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

Item 16 – Investment Discretion

Arden has complete discretionary investment authority in respect of the Funds it manages, except in certain limited circumstances where Arden may consult with a Fund's Advisory Board. Arden's investment discretion in all cases will be exercised in a manner consistent with the stated investment objectives of a Fund as set forth in a Fund's confidential private offering memorandum and other applicable organizational documents.

Item 17 – Voting Client Securities

This Item is not applicable to Arden because the Funds do not make investments in securities or companies for which proxy statements are issued.

Item 18 – Financial Information

SEC-registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Arden's financial condition. Arden has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.