

Standard Real Estate Investments, LP



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This brochure (the “Brochure”) provides information about the qualifications and business practices of Standard Real Estate Investments LP. If you have any questions about the contents of this brochure, please contact us at (310) 980-6588. 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. Registration as an investment adviser with the SEC does not imply a certain level of skill or training of Standard Real Estate Investments LP or its personnel.

Additional information about Standard Real Estate Investments, LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This Brochure is submitted in connection with Standard Real Estate Investments, LP's initial application for registration as an investment adviser with the SEC. As such, there are no material changes to report at this time.

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Item 4. Advisory Business

Standard Real Estate Investments, LP (“SREI” or the “Firm”), a California based adviser organized as a Delaware limited partnership, which commenced operations in September 2020. SREI is principally owned and controlled by Robert Jue and Jerome Nichols.

SREI provides non-discretionary investment management services to special purpose vehicles (“SPVs”). SREI also intends to provide discretionary investment management services to private investment vehicles that will typically be structured as limited partnerships (each a “Fund,” and collectively the “Funds”). The SPVs and Funds are collectively referred to herein as “Clients” unless otherwise noted.

SREI’s primary investment strategy is to make joint venture equity investments in real estate development projects nationwide.

Investment advice will be provided directly to each Client itself and not to the individual investors or beneficiaries. SREI will tailor its advisory services to the individual needs of each particular Client, but not necessarily to the individual needs of the underlying investors or beneficiaries. SREI will manage the Clients in accordance with the investment objectives and limitations set forth in each Client’s investment management agreement, offering memoranda, governing documents, subscription agreements, side letters, and any investment management agreement between SREI and each Client (together, “Operative Documents”).

Standard may enter into agreements, commonly known as “side letters,” with certain investors under which SREI waives or modifies the application of certain investment terms applicable to such investors, without obtaining the consent of any other investor in the Fund (other than an investor whose rights would be materially and adversely affected by the waiver or modification).

SREI does not participate in wrap fee programs.

As of September 30, 2021, SREI managed approximately \$43 million of regulatory assets on a non-discretionary basis. SREI intends to manage future Fund assets on a discretionary basis.

Item 5. Fees and Compensation

SREI’s fees and compensation arrangements vary depending on the particular Client. The specific terms of such arrangements are set forth in the Operative Documents.

Generally, SREI intends to charge the Fund and SPVs an annual investment management fee (the “Management Fee”) quarterly in arrears. The Management Fee calculated with respect to each investor is typically 1.50% of such investor’s total committed capital.

SREI may, in its sole discretion, reduce, waive or defer, for any period of time, the Management Fee payable in respect of any investor or Client

In addition to the Management Fee, the SPV is responsible for agreed upon expenditures including taxes (including real estate taxes excluding any member’s tax liability), utilities, bonding costs, insurance (including earthquake insurance), debt service, emergency actions, and expenses. Standard REI or its

affiliates will be responsible for any expenditures previously mentioned that exceed the agreed upon amount and other amounts required to be paid by Standard REI or its affiliates under contracts or agreements; salaries, compensation or fringe benefits paid to their directors, officers and/or employers, general overhead expenses, including without limitation, rent and general office expenses; as well as directors' and officers' liability insurance E&O insurance, general liability insurance, worker's compensation insurance and fidelity insurance for itself and for the employees or affiliates engaged in connection with the SPV.

In addition to the Management Fee, an SPV or Fund generally will pay, or reimburse Standard REI, for the organization and startup expenses of the Fund, the general partner entity, and the offering of interests in the Fund, including legal, accounting, filing, travel-related expenses and placement agent expenses, and other fees and expenses ("Organizational Expenses"); provided that, if the Organizational Expenses borne by the Fund exceeds a specified limit (the amount of such excess, the "Excess Organizational Expenses"), then the Management Fee with respect to each Limited Partner will be reduced by such Limited Partner's pro rata share of such Excess Organizational Expenses.

The manager will bear the reasonable costs and expenses incurred by the manager in providing for its or the general partner's normal operating overhead, including (a) salaries, other compensation, and benefits of the manager's investment professionals and employees, (b) out-of-pocket costs and expenses incurred in causing the manager to register as an investment adviser under the Advisers Act and in maintaining such registration (including costs and expenses relating to the preparation and filing of Form ADV and Form PF), (c) out-of-pocket costs and expenses incurred by the manager in connection with its general regulatory and compliance obligations as an investment adviser, including general regulatory and compliance obligations under the Advisers Act, and (d) rent and other expenses incurred in maintaining the manager's or the general partner's principal places of business.

In addition to the Management Fee and Organizational Expenses, SPVs or Funds generally will be responsible for all other fees, costs and other expenses incurred by or otherwise related to the SPVs or Funds to the extent not reimbursed by third-parties, including, without limitation, in connection with: (i) acquiring, holding and disposing of investments (including transactions that are not consummated); (ii) legal, consulting, investment banking, commercial banking, borrowing, custodial, auditing, accounting and other professional service fees and expenses; (iii) the preparation of financial statements, tax returns and other filings and Schedule K-1s of the Funds and the general partner; (iv) any actual or threatened litigation, investigation, audit or other proceeding involving the SPV or Fund, the general partner, Standard REI, the principals or their respective affiliates (and their respective officers, directors and employees) related to activities of the Funds; (v) any taxes assessed against the SPVs or Funds; (vi) the SPV or Funds' legal and regulatory compliance (but excluding any compliance or related expenses assumed by Standard REI related to its registration as an investment adviser with the Securities and Exchange Commission); (vii) insurance premiums on behalf of the SPVs or Funds, the general partner, Standard REI and their respective affiliates (and their respective officers, directors and employees) and premiums for any "key man" insurance; (viii) indemnification under the partnership agreement; (ix) the managed distribution of marketable securities; (xii) the liquidation and winding up of the SPV or Fund; (xiii) annual or other meetings of the partners and the advisory committee, whether individually or as a group; and (xiv) all other ordinary operating expenses and non-recurring or extraordinary expenses attributable to the activities and operations of the SPVs or Funds, including travel-related expenses (e.g., travel, accommodations, meals and entertainment).

Please refer to SPVs' or Funds' Operative Documents for further information regarding the fees and expenses of Standard REI and the Funds.

Neither SREI nor any of its supervised persons accept compensation for the sale of securities or other investment products.

Item 6. Performance-Based Fees and Side-by-Side Management

When an investment owned by a Client is realized, SREI or the general partner of such Client may be entitled to receive a distribution of the investment proceeds as liquidation or performance-based incentive compensation (any such compensation is referred to in this Brochure as the "Carried Interest"). The payment of the Carried Interest to SREI or the general partner is generally subject to certain conditions being satisfied such as the prior return of capital to Client investors and the payment to Client investors of a predetermined rate of return on their invested capital as described in the Operative Documents. Certain Clients have established a distribution waterfall describing the distribution priority, which may be subject to a clawback. For more information regarding the specific terms of the Carried Interest, please consult each of the Operative Documents for the Clients.

The Carried Interest is structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act") in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act. Accordingly, SREI seeks to ensure that investors or beneficiaries in a SPV or Fund that is directly or indirectly assessed a Carried Interest satisfy the qualifications of Rule 205-3, and have been advised of the terms of such performance-based fees and the associated risks.

Instances may arise where the interests of the Firm (or its principals) conflict with the interests of the Clients and their investors and beneficiaries. For example, the existence of the Firm's or the general partner's Carried Interests creates an incentive for the Firm to make more speculative investments on behalf of the Clients than it would otherwise make in the absence of such performance-based arrangements. However, the Firm is committed to acting at all times in the best interest of the Clients. Furthermore, since certain of the Clients are invested in the same portfolio investment, at the time of disposition of the portfolio investment, the Firm may be incentivized to prioritize the exit of the investment for certain Clients based upon a variety of factors, including but not limited to, cost of the portfolio investment to the Client and the Client's Carried Interest Distribution.

Item 7. Types of Clients

As noted in Item 4, SREI provides non-discretionary investment advice to the SPV and discretionary investment advice to the Funds. The Funds' investors will be limited to individuals and entities that meet certain suitability criteria including "accredited investors," "qualified clients," and "qualified purchasers." The Clients are marketed exclusively to investors that may include, without limitation, high-net worth individuals, family offices, fund of funds and other investment advisers.

An investment in one or more Client should be based on a prospective investor's careful analysis of its overall portfolio and its own objectives and needs in the areas of diversification, liquidity, return on investment and risk management.

The minimum commitment amount for each SPV is \$10 million, subject to the general partner's discretion. The minimum investment for each limited partner of the Fund will be \$20 million, subject to the general partner's discretion.

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

As more fully described in each the respective Operative Documents, the Clients' investment strategy is to make investments in real estate development projects nationwide. In evaluating potential opportunities for the Clients, SREI conducts due diligence to identify market dislocations, then combines a top-down metro-level and bottom-up neighborhood approach to map opportunities based on supply and demand, then implements a controlled-risk development approach which seeks to deliver a new standard to the investors.

SREI seeks to invest in real estate properties that it believes have a strong potential to deliver attractive risk-adjusted returns. Actual investment results will depend on various external factors over which SREI has no control.

There are significant risks inherent in the strategy of investing in real estate not associated with other investments and an investment in Clients is only suitable for qualified investors who have limited need for liquidity. There can be no assurance that a Client's investment strategy will be successful. Set forth below is a summary of some of the investment risks. Please refer to the respective such Operative Documents for more information on these and other risks relating to SREI's business and Client investments.

Related Risks:

General Real Estate Risks. Real property investments are subject to varying degrees of risk. The Clients' investments will be subject to the risks generally associated with real estate investments, such as, among others, changes in the general economic climate, national or local conditions (such as an oversupply of, or a reduction in demand), adverse changes in the financial condition of buyers or sellers of properties, competition based on rental rates, attractiveness and location of the properties, the financial condition of tenants, availability of buyers and sellers of properties, quality of maintenance, insurance services, and changes in real estate taxes and other operating costs. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning, and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws. Such risks can adversely affect operating results or make the sale or refinancing of real estate investments difficult or unattractive. Based on the factors described above and elsewhere in this brochure, among others, the possibility of the partial or total loss of capital will exist, and investors should not subscribe unless they can readily bear the consequences of such loss.

Liquidity and Market Considerations. Changes in market conditions, as well as the broad discretion of SREI relating to the future disposition of portfolio investments could adversely affect returns to the Clients' investors. The Clients will generally hold their portfolio investments only until such time as SREI determines that the sale or other disposition thereof appears to achieve their investment objectives or until it appears that they will not be able to achieve such objectives. The portfolio investments will be highly illiquid, and the Clients cannot assure that they will be able to realize favorable returns on such portfolio investments in a timely manner. The inability to liquidate investments can result from the absence of an established market for the Funds' portfolio investments, as well as legal or contractual

restrictions on its resale by the Clients. Real estate investments by their nature are often difficult or time-consuming to liquidate. SREI cannot predict with any certainty the market conditions that will affect the Clients' portfolio investments at any particular time. Because of uncertain market conditions that may affect the disposition of the Clients' portfolio investments, SREI cannot assure an investor that the Clients will be able to sell their portfolio investments at a profit.

Environmental Considerations. As is the case with any holder of real estate investments, the Clients could face a substantial risk of loss from environmental claims based on environmental problems associated with the Clients' investments. Real property owned, directly and/or indirectly, by the Clients will be subject to federal, state, and local environmental laws, regulations and administrative rulings, which among other things establish standards for the treatment, storage, and disposal of solid and hazardous waste. The Clients, and any other entity in which the Clients acquire an interest, can be exposed to a substantial risk of loss from environmental claims arising with respect to any property having undisclosed or unknown environmental problems or as to which inadequate reserves have been established. Although the Clients' properties are subject to environmental assessments prior to acquisition, no assurances can be given that the environmental assessments reveal all environmental liabilities, that new environmental liabilities will not manifest themselves during the investment holding period or that the Clients have established adequate reserves for such liabilities.

Disease, Pandemics and Epidemics. The impact of disease, pandemics and epidemics may have a material adverse effect on the performance of the Clients and their investments. In particular, the recent global outbreak of the novel coronavirus ("COVID-19"), together with resulting voluntary and U.S. federal, state, and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel, and quarantines, has meaningfully disrupted the global economy and markets, and the Clients could be materially and adversely impacted by the effects. In addition, the Clients' investment performance could be adversely affected to the extent that COVID-19 or any other epidemic harms the global and/or U.S. economy in general. The extent to which COVID-19 impacts the Clients' results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others.

Business Continuity and Disaster Recovery Risks. The Firm's or the Clients' portfolio companies' business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disasters, terrorist attacks, or other circumstances resulting in property damage, network interruption, and/or prolonged power outages. Although the Firm has implemented measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm and the Clients' investments.

Uninsured Losses. The Clients will attempt to maintain adequate and prudent insurance coverage on their real property investments to the extent such coverage is available in the market and at commercially reasonable rates, as determined by SREI. The Clients will attempt to maintain insurance coverage against liability to third parties for injury and property damage in amounts determined by SREI. However, the insurance market varies from year to year and, as a result, the actual premiums payable by the Clients and the deductibles to which the Clients are subject can be substantially different than those available in the current environment or that were underwritten at the time a property is acquired. Further, insurance against certain risks such as earthquakes, floods, windstorms, biological agents (e.g., mold) or damage by terrorism, can be commercially unavailable or economically unaffordable, available in amounts that are

less than the full market value or replacement cost of the investments, or subject to large deductibles. Additionally, there can be no assurance that the particular risks that are currently insurable will continue to be insurable or insurable on a reasonable economic basis. There is no guarantee that any insurer will pay the full amount of any claim, that the insurer will not dispute or refuse to pay on any claim of loss or that the insurer will be solvent or financially able to pay any claim, especially in the case of a catastrophic loss in one geographical area. Additionally, all of the properties owned by the Clients can be at risk in the event of an uninsured loss or uninsured liability to third parties.

Real Estate-Related Regulatory Risks. The Clients' investments are subject to various laws and regulations, including building codes, laws and regulations pertaining to fire safety and handicapped access (including the Americans with Disabilities Act), and other laws and regulations that may from time to time be enacted. The Clients may be required to incur significant costs to comply with any future changes in such laws or regulations. Further, noncompliance with the existing or future laws and regulations to which the Clients' properties are subject could result in substantial capital expenditures to bring the properties into compliance, as well as the imposition of fines or an award of damages to private litigants, which might adversely affect the Funds.

No Assurance of Fund Returns; Past Performance. The past performance of SREI's investments should not be relied on as an indicator of the Clients' future performance or success. There can be no assurance that the Clients will achieve results comparable to investments previously sponsored by SREI. Past performance can include the positive or negative impact of a variety of economic and other factors affecting SREI's prior real estate investments over which SREI had no control. SREI cannot provide assurance that it will be able to realize any investment profit in connection with any particular project acquired by the Clients. There is no assurance that the Clients will be able to generate positive returns for their investors or that the returns, if any, will be commensurate with the risks of investing in the type of properties and transactions described herein. The Clients may be subject to significant transaction costs, including the possible loss of earnest money deposits, in connection with failed efforts to acquire investment properties for the Clients, which would cause the Clients to incur significant cost without any possibility of return. Even if Client investments are successful, investors may not receive any return of capital for a significant period of time, if at all. An investment in the Clients should only be considered by persons who do not require current income and who can afford a loss of their entire investment.

Reliance on SREI and the Key Persons. Decisions with respect to the management of the Clients will be made by SREI. An investor in the Clients must rely upon the ability of SREI to identify, structure, and implement investments consistent with each Client's investment objective and policies. The success of the Clients will depend on the ability of SREI to identify and successfully acquire suitable investments, to successfully execute each Client's investment strategy for each project and oversee its operating performance and to dispose of investments at a profit. The success of the Clients depends, in substantial part, upon the leadership, skill and expertise of the managing principals. However, there can be no assurance that each of the managing principals will continue to be affiliated with the Clients or SREI throughout the Clients' anticipated terms. In addition, such persons may have an interest in, and participate in the management and investments of other Clients managed by SREI.

Each Client's investment strategy will require a significant time commitment from the managing principals to execute the operational aspects of the strategy. Although SREI believes that it has sufficient personnel, systems, and resources to manage this pool of capital, there can be no assurance that this will be the case. In addition, it may not be possible for SREI to retain the investment professionals and other personnel

they may need from time to time to successfully manage the Clients and their investments, particularly given the increasingly competitive hiring environment.

Lack of Operating History. SREI is a newly formed entity that has limited prior operating history of its own for prospective investors to evaluate. Although the principals of SREI have extensive prior investment management experience (including in pursuing similar investment strategies for other client accounts), Client investment program should be evaluated on the basis that there can be no assurance that SREI's assessment of the short-term or long-term prospects of investments will prove accurate or that the Client will achieve its investment objective.

Illiquidity of Interests. No market exists for the SPV's or Fund's interests and none is expected to develop. Investment in the SPV or Fund requires a long-term commitment, with no certainty of return. The SPV's Fund's limited partners may not be able to liquidate their interests prior to the end of the SPV's or Fund's term. An investment in the SPV or Fund is suitable only for certain sophisticated investors who have no need for liquidity in their investment in the SPV or Fund.

Significant Fees and Expenses. The fees and expenses associated with an investment may be significant.

Cybersecurity and Systems Risks. SREI relies on computer programs, networks, devices and systems (and may rely on new systems and technology in the future) in connection with the Clients' investment activities. These programs or systems can be subject to certain defects, failures, interruptions or security breaches, including, but not limited to, those caused by computer "worms," viruses, power failures and social engineering schemes such as "phishing." SREI's operations are dependent on each of these systems and the successful operation of such systems is often out of the Firm's control. Any such defect, failure or breach could have a material adverse effect on the Clients, the Firm and their affiliates. Cybersecurity breaches can cause (i) disruptions and impact business operations, potentially resulting in financial losses to the Funds; (ii) the inability of the Firm and other service providers to transact business; (iii) violations of applicable privacy and other laws; (iv) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as (v) the inadvertent release of confidential or sensitive information.

Item 9. Disciplinary Information

There have been no legal or disciplinary events to disclose that are material to an investor's or prospective investor's evaluation of SREI's advisory business or integrity of management.

Item 10. Other Financial Industry Activities and Affiliations

Neither SREI nor its future affiliates are registered nor have an application pending to register as a broker-dealer. Further, neither SREI nor its affiliates are registered, nor have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

SREI is in the process of establishing an entity which will serve as the general partner of a Fund the Firm intends to manage. SREI and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Funds in an appropriate manner. However, SREI personnel may work on other

projects, SPVs and Funds, and therefore, conflicts may arise in the allocation of the personnel's time. Any such conflicts would be addressed in accordance with the Operative Documents.

SREI may provide investment management services to more than one Client and such Client accounts may have overlapping or conflicting investment objectives. Related persons of SREI may also co-invest alongside Clients under certain circumstances. Participation in a specific investment opportunity could be appropriate for more than one Client, in which event SREI will allocate the opportunity, which may not result in a *pro rata* allocation to all Clients. Accordingly, even Clients sharing similar strategies may not hold the same securities or instruments or achieve the same performance. However, SREI will always endeavor to allocate investments in a fair and equitable manner. Additionally, SREI has developed certain internal policies to address such conflicts.

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

Pursuant to Rule 204A-1 of the Advisers Act, SREI has adopted a Code of Ethics (referred to in this Brochure as the "Code") to ensure that SREI fulfills its role as a fiduciary to the Clients. The interests of the Clients must always be recognized, respected, and have precedence over SREI employees. The Code requires that SREI employees and certain associated persons act in the best interests of the Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent they arise. SREI employees are also required to comply with applicable provisions of federal securities laws and make prompt reports of any actual or suspected violations of such laws by SREI or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of SREI's personnel. The Code requires that personnel pre-clear certain public and private personal securities transactions, report personal securities transactions in accordance with the Code on at least a quarterly basis and submit reports to SREI regarding personal accounts and reportable securities holdings at least annually. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Employees are required to provide a written certification to SREI as to agreeing to comply with the Code upon hire, and complete a written certification noting their ongoing compliance annually thereafter. Copies of this Code may be requested by contacting SREI's Chief Compliance Officer at (917)574-2160.

Neither SREI nor any of its related persons recommend that any Client acquire or sell securities in which SREI or any related person has a material financial interest.

As a matter of general practice, neither SREI nor any of its related persons acquire or sell investments that are also recommended to the Clients. However, related persons may invest directly into the Clients.

Allocation of Investment Opportunities and Other Accounts. From time to time, investment opportunities may arise that are appropriate for an investment by more than one Client or for which one or more Clients should have priority based on the governing documents of the Clients. The Operative Documents and SREI's policies generally set forth the allocation guidelines to apply if and to the extent an opportunity is appropriate for more than one Client at a particular point in time. Such documents generally provide SREI with the discretion to allocate on a fair and equitable basis.

Co-Investment Opportunities. SREI may, but is not required to, offer (or permit the offering of) investment opportunities, including co-investment opportunities, in certain Client investments to existing investors or third parties. If a co-investment vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the other Clients. To the extent SREI or the general partners receive any compensation or fees as a result of such co-investment arrangement (such as a Management Fee or Carried Interest), such fees are neither payable to the Clients nor credited against future Management Fees.

Other Potential Conflicts of Interest. Neither SREI nor any of SREI's related persons are required to devote their entire time and attention to the affairs of any one of the Clients.

Item 12. Brokerage Practices

In some cases, SREI will have discretion over the types of investments to be made by the Funds subject to the investment strategy and purpose as set forth in the respective Operative Documents. SREI generally does not make recommendations for investments by the Clients in public securities as most investments are in privately negotiated real estate-related transactions. Accordingly, SREI does not typically select or recommend broker-dealers for client transactions. In the event that a broker-dealer is selected or recommended, SREI employs a due diligence process to ensure that any such transaction is executed in the best interest of the Funds taking into account certain factors such as a broker's execution capability and trading expertise, in addition to pricing.

- SREI does not have any soft dollar arrangements.
- SREI does not consider whether the Firm or a related person of the Firm receives Client or investor referrals from a broker-dealer or third party because SREI does not frequently select or recommend broker-dealers.
- SREI does not have directed brokerage dealings.

Generally, aggregation of the purchase or sale of securities for various Client accounts does not apply to SREI, as SREI primarily invests in private real estate-related investments.

Item 13. Review of Accounts

SREI's investment professionals continually review and monitor the Clients' investments. SREI's investment professionals routinely meet to discuss investment management activities as well as potential new investment opportunities. The Firm's investment committee convenes as and when necessary to consider and approve new investment opportunities and material investment decisions regarding the Clients' existing investments, including dispositions and refinancing.

More frequent reviews may be triggered by material changes in key variables that could affect the performance of the portfolios, including changes in the financial markets and activity and trends in the political or economic environment.

The Firm seeks to provide unaudited performance information for the Clients to investors and beneficiaries quarterly. Such written quarterly reports include the mark-to-market value of each investor's interest in the respective Client, based on the unaudited fair market value of the relevant Client's holdings. SREI also distributes certain other reports to the Client's investors upon specific request from time to time.

Item 14. Client Referrals and Other Compensation

SREI does not receive any compensation or other economic benefits as a result of investment advice or advisory services provided by SREI to the Clients, other than from the Clients.

SREI and certain Funds will enter into third party marketing arrangements with respect to the sale of interests in the Funds. The manager will bear all placement fees with respect to the relevant Fund, at no cost to the investors in the Fund. Any placement fees paid by the Funds from capital contributions made by limited partners to the Fund will be offset by the amount of such capital contributions made by such limited partner that are used to fund such payments.

Item 15. Custody

While the Firm or its affiliates may be deemed to have custody of Client assets, the Firm itself does not maintain physical custody of such assets. The Firm is not deemed to have custody over the SPV assets.

In addition, SREI intends to maintain Fund assets in accounts in the name of the applicable Fund by entities deemed qualified custodians as defined in the Custody Rule. Additionally, SREI will deliver audited financial statements of the Funds to all Fund investors within 120 days of the Fund's fiscal year end. The financial statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and will be audited by an independent accountant. SREI urges investors to carefully review these audited financial statements, as well as any reports provided by the Firm to investors.

Item 16. Investment Discretion

SREI does not have sole discretionary authority to determine whether to invest in an SPV project. SPV investors will typically retain day-to-day decision-making authority while SREI will retain control over major decisions such as material scope and budget changes, major leases, major vendor selection, financings, and sales.

However, SREI will have discretionary investment authority to manage the Funds, including making new investments, as well as managing existing Fund investments. Generally, this authority will be provided for in each Fund's Operative Documents. In addition, investors in the Funds will be required to execute a subscription agreement in which they will make various representations, including representations regarding their suitability to invest in a high-risk investment pool.

Item 17. Voting Client Securities

SREI's investment strategy does not generally involve the acquisition of public securities with voting authority, making it unlikely that a Client will be placed in a position of proxy voting authority. However, if a Client does come into possession of securities with voting rights, the Firm will implement the appropriate policies and procedures and seek to vote proxies in the best interests of the Clients. A copy of the Firm's proxy voting policies and procedures can be obtained upon request by contacting SREI's Chief Compliance Officer at (917)574-2160.

Item 18. Financial Information

SREI does not require or solicit prepayment of more than \$1,200 in fees per Fund six months or more in advance.

The Firm is not aware of any financial conditions that would be reasonably likely to impair SREI's ability to meet contractual commitments to the Clients.

SREI has not been the subject of a bankruptcy petition at any time during the past ten years.