

Form ADV Part 2A: FIRM BROCHURE

US EQUITY ADVISORS, LLC

A USAA REAL ESTATE COMPANY

as of
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This Brochure provides information about the qualifications and business practices of US Equity Advisors, LLC, a Texas limited liability company ("Equity Advisors" or the "Firm").

If you have any questions about the contents of this Brochure, please contact us at compliance@usrealco.com or (800) 531-8182. 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.

Equity Advisors is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training. Additional information about Equity Advisors is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – MATERIAL CHANGES

We are pleased to provide you with this initial Brochure, which is also known as Part 2A of SEC Form ADV. It contains important information about our business practices and investment strategies, fees and expenses, potential risks as well as a description of potential conflicts of interest relating to our business.

We are providing you this Brochure in accordance with Rule 204-3 of the Investment Advisers Act of 1940, as amended (“Advisers Act”), which requires a registered investment adviser to provide a written disclosure statement upon registration, before or at the time of entering into an advisory relationship with a client, and to provide an annual update. If you would like another copy of this Brochure or future updates, please contact us at by email at compliance@usrealco.com; by calling us at 800-531-8182; or by visiting our website at www.usrealco.com.

As this is the initial filing of Equity Advisors’ Brochure, there are no material changes to report.

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Item 4 – ADVISORY BUSINESS

Firm Description

Equity Advisors is the institutional real estate advisory subsidiary of USAA Real Estate Company, LLC (“USAA Real Estate”), a global real estate company founded in 1982. Headquartered in San Antonio, Texas, USAA Real Estate has offices across the United States (“U.S.”) as well as in Amsterdam, Netherlands, and Seoul, South Korea. When we use the term “we”, “us” and “our” in this Brochure, we are referring to USAA Real Estate, Equity Advisors, as well as any entities that are directly or indirectly under our exclusive control and which serve as the general partner (“General Partner”) or managing member of a Client (collectively, “Affiliates”). Any references to “our employees” or “our officers” means USAA Real Estate officers or employees who provide services to Equity Advisors¹.

We focus on the acquisition of real estate, development, leasing, improvement, strategic oversight, and timely exit from real estate investments. Our focus is across a broad array of institutional quality real estate, including, but not limited to, industrial/logistics, multi-family and other housing, office, data centers, life sciences, media content production studios, retail, and hotel properties. We also arrange commercial mortgage loans. See Item 8 below for a description of our investment strategies and methodology.

Our investment vehicles typically comprise open- and closed-end commingled private funds, and separate accounts that hold real estate and related assets (each an “Investment” and collectively, “Investments”) through holding vehicles or other tax efficient structures such as limited partnerships, limited liability companies, or private real estate investment trusts (“REITs”). We also advise certain Clients on investments in other fund vehicles.

Equity Advisors serves as the investment manager of:

1. Real estate-related investment funds exempt from registration under the Investment Company Act of 1940, as amended (“Investment Company Act”), including pooled investment funds and REITs, together with any related feeder funds and parallel funds (each a “Fund” and collectively, the “Funds”);
2. Conduit vehicles that facilitate co-investment in a Fund (“Conduit Entities”);
3. Separately managed account mandates that primarily invest in real estate assets (“Separate Accounts”);
4. Special purpose entities for making Investments, including limited partnerships or similar vehicles that are comprised of one or more investors, but which are not organized as Funds (“SPV Entities”); and
5. Joint venture partnerships (collectively, “Joint Venture Partnerships”, and individually, a “Joint Venture Partner”).

¹ USAA Real Estate provides certain enterprise-wide services to Equity Advisors including human resources, such as payroll and benefits for employees; information technology; compliance; legal; accounting; fund administration; and other similar services.

Funds, Conduit Entities, Separate Accounts, SPV Entities and Joint Venture Partnerships are collectively the “Clients” and each individually, a “Client”. Interests in Clients are offered to limited partners or other investors (“Investors”). Most Clients qualify for and rely on an exemption from registration under the Investment Company Act.

Firm Ownership

Equity Advisors and its Affiliates are directly or indirectly owned by USAA Real Estate and are indirect subsidiaries of US Realco Holdings, LLC, a Delaware limited liability company (“Holdco”). Holdco is majority owned by JFLC, LLC which is controlled by James A. Davidson (“Davidson”), an active technology investor, adviser and entrepreneur; Fritz H. Wolff (“Wolff”), an active investor with more than two decades of institutional real estate investment experience; Leonard J. O’Donnell (“O’Donnell”), USAA Real Estate’s CEO and President; and Craig Solomon (“Solomon”), CEO of Square Mile Capital Management, LLC (“Square Mile”), a wholly owned subsidiary of USAA Real Estate. Davidson and Wolff are also indirect owners of US RE Bridger Holdings, LLC (“Bridger Holdings”), which holds a minority interest in Holdco. Additionally, Davidson, Wolff, O’Donnell and Solomon are direct and indirect investors in certain other companies that invest, co-invest or provide services to Clients. See Item 10 for more information.

United Services Automobile Association (“USAA”), a San-Antonio based Fortune 500 diversified financial services group of companies, owns a minority interest in Holdco and the Firm manages USAA’s portfolio of real estate investments across the U.S., Europe and Mexico. More information about the Firm’s ownership structure is provided in Schedules A and B of Form ADV Part 1, which is available on the SEC’s website at <https://adviserinfo.sec.gov>.

Assets Under Management

As of June 30, 2021, Equity Advisors had approximately \$32.72 billion in assets under management (“AUM”) on a gross basis and \$19.74 billion in net AUM. Approximately \$24.09 billion of gross AUM is managed on a discretionary basis and \$8.63 billion is managed on a non-discretionary basis².

Advisory Services

Equity Advisors directs and manages each Client’s Investments by providing the following types of services:

- Identifying and analyzing Investment opportunities;
- Making Investment recommendations and decisions;
- Negotiating the terms of Investments;
- Managing Investments;
- Achieving dispositions of Investments;

² Gross AUM represents the gross portfolio value of real estate and uncalled capital including property level debt managed by us and our Joint Venture Partners; uncalled capital represents \$4.08 billion of AUM. Net AUM deducts liabilities, including property level debt and carried interest paid to the General Partner or managing member. AUM also includes the value of real estate owned by Clients relying on an exemption from registration under Section 3(a)(1) of the Investment Company Act, which is not included in the calculation of regulatory assets under management, as reported in Equity Advisors’ Form ADV Part 1.

- Providing private commercial finance services including originating real estate loans; and
- Providing other related services in connection with the implementation of the Investment program of each Client.

Our advice includes various facets of investing in the equity or debt of an Investment and recommendations as to the structure of the real estate and related asset holdings. Client Investment objectives are described in the applicable private placement memorandum, limited partnership agreements, investment advisory agreements, subscription agreements, operating agreements, shared services agreements, side letters and other governing documents of the relevant Client (collectively, the “Governing Documents”). Investors determine the suitability of an Investor’s investment in a Client based on, among other things, the Governing Documents. While some Investors in a Fund, depending on the circumstances, seek side letters (defined below) with a Fund, Investors generally cannot impose restrictions on investing in certain Investments; some Separate Account Clients or Joint Venture Partners negotiate to impose certain restrictions limiting our discretion. Certain Clients are managed on a non-discretionary basis where the Investor or Investors in a Client determine whether to execute on our Investment recommendation.

Equity Advisors has entered into side letters or similar agreements that confer additional benefits (“Side Letters”) with certain Investors, including those who make substantial commitments of capital or are early-stage Investors in a Client, or for other reasons in the sole discretion of Equity Advisors. Side Letters have the effect of establishing rights under, or altering or supplementing, a Client’s Governing Documents. Some examples of Side Letter rights include co-investment preferences, special economic rights such as reduced management and other fees, notification provisions, regulatory considerations of specific Investors, redemption and opt out rights, supplemental reporting and information, and “most favored nations” provisions. These Side Letter rights, benefits or privileges are not always made available to all Investors in the same Client, nor are they, consistent with general market practice, always required to be disclosed to all Investors in such Client. Side letters are typically negotiated at the time of the relevant Investor’s commitment to a Client.

Item 5 – FEES AND COMPENSATION

Equity Advisors and its Affiliates receive fees and other compensation in exchange for the advisory services provided to Clients. These fees include a management fee, and for some Clients performance-based compensation (often referred to as carried interest or an incentive fee), administrative fees, and/or other types of fees related to the Firm’s management of Client Investments. Differences in these fees exist from Client-to-Client based on a number of factors, including Investment strategy, Investment amount, type of Client, and the type of other services provided. As more fully described below, the Firm or a Client, on occasion, has negotiated to share a percentage of certain fees with Affiliates or Joint Venture Partners.

The following is a general description of Client fees and expenses. Investors should refer to the Governing Documents of the applicable Client for a more detailed description of the fees charged by Equity Advisors and/or its Affiliates for their advisory and other services, and for a description of other fees Clients and Investors pay.

Management Fees

Equity Advisors or certain Affiliates charges management fees as base compensation for providing advisory services to Clients, which fee is borne by the Client's Investors. Management fees are negotiated on a Client-by-Client basis and are described in each Client's Governing Documents. The management fee is often based on a stated percentage of capital invested in a Client, which may be calculated with respect to net asset value, invested capital, or gross asset value, and may be charged on committed capital, depending on the Client. Investors that commit larger amounts of capital often pay lower fees in the form of decreasing fee rates as capital commitments or invested capital rises above certain size thresholds or as arranged on a reduced flat fee basis.

Management fees are accrued and payable by a Client either quarterly in advance or quarterly in arrears, depending on the Client and as detailed in each Client's Governing Documents. Management fees are paid by the Client by reducing distributions otherwise due to Investors, or by calling capital from Investors. The management fees are prorated for any partial period. If a Client terminates its advisory contract with us in accordance with such Client's Governing Documents, any pre-paid management fees will generally be prorated for the period during which we have served as investment adviser to such Client, and a refund will be issued for any remaining days.

Performance-Based Fees

Performance-based fees are often a material component of our overall compensation – Item 6 below provides more detailed information. Our performance-based compensation arrangements are structured to comply with Rule 205-3 under the Advisers Act, as well as our internal policies for such arrangements. Total fees paid by Clients that pay performance-based fees could be higher than those fees paid by Clients that are not charged a performance-based fee due to the fact that performance-based compensation increases fees paid based on meeting certain performance thresholds as stated in a Client's Governing Documents.

Other Fees

Equity Advisors and/or its Affiliates are also entitled to receive other types of fees for advisory related services we provide to certain Clients, and are negotiated on a Client-by-Client basis as specified in each Client's Governing Documents. These other fees include, but are not limited to:

- **Acquisition, Leasing, Disposition or Financing Fees:** Fees related to the acquisition, leasing, sale or financing of an Investment. Such fees are often calculated as a percentage of the total value of the transaction or the capital committed to such transaction.
- **Break-Up Fees:** Break-up, topping, or other similar fees are paid in connection with an unconsummated or terminated transaction. If break-up or topping fees are paid to the Firm, Conduit Entities will generally not be allocated any share of such break-up or topping fees. Similarly, Conduit Entities generally do not bear their share of broken deal expenses for unconsummated transactions and such costs and expenses will generally be borne by the Clients.

- **Capital Placement Fees:** Fees for securing, sourcing, or arranging investment equity or debt capital to effectuate Investments, including loan origination or investment syndication of placement of capital in a transaction.
- **Development or Construction Management Fees:** Fees for overseeing all or a portion of a development or construction project. Such fees are generally based on the project's total cost.
- **Loan Origination or Servicing Fees:** Fees for originating or overseeing loan investments on behalf of Client lenders.

Affiliated Service Provider Fees and Reimbursements

Some Clients retain us or one or more of our Affiliates or Related Entities (defined in Item 10 below) to perform non-investment advisory services which might otherwise be performed by unaffiliated third parties, including development management, infrastructure support, construction management, general leasing, and property management of Investments (collectively, the "Affiliate Services"). These Affiliate Services are provided as set forth in the Governing Documents. While the Firm and its Affiliates and/or Related Entities believe that the Affiliate Services are provided at rates generally consistent with market rates, there is an inherent conflict of interest that incentivizes the Firm to engage itself or its Affiliates and/or Related Entities over unaffiliated third parties for the performance of such Affiliated Services. Except as negotiated and described in a Client's Governing Documents, any fees and reimbursements paid by a Client or Investment to the provider of Affiliated Services are in addition to, and will not offset, the management fee and carried interest received by the Firm or its Affiliates.

Fee Waivers

We are permitted, in our sole discretion, to reduce or waive all or a portion of our management and/or performance-based fee, and have done so for certain Clients or Investors, including, but are not limited to, the following:

- Situations where Clients have agreed to fee waivers with certain Investors (including employee Investors and Investors participating in early closings);
- Unrelated entities that invest in General Partner investments; and
- Holdco's direct and indirect owners and their family members and estate planning vehicles ("Related Parties").

Such Investors generally pay their pro rata share of certain Client expenses, which in certain circumstances, are allocated to the General Partner.

Co-Investment Fees and Expenses

Equity Advisors, in its discretion, permits Investors, Affiliates, Related Parties, Related Entities, or third-party investors to co-invest ("Co-Investors") with a Client in certain investment opportunities where Equity Advisors believes the co-investment could offer a strategic advantage or other benefit to a Client. Co-investment opportunities are offered in accordance with a Client's relevant Governing Documents. In some instances, Co-Investors participate with a Client in an Investment on the same terms and conditions

as the corresponding Client and will exit such investment on substantially the same terms and conditions and at the same time as the Client. In other instances, terms and conditions are negotiated with an Investor on a co-investment opportunity that are more favorable than the Client's Investment terms. Expenses related to Investments in which a Client invests alongside Co-Investors are generally allocated between the Client and any such Co-Investors pro rata based on amounts invested or expected to be invested as reasonably determined by Equity Advisors. Some Clients bear the entire cost of pursuing investments that are not consummated, whether or not the Client seeks Co-Investors for the opportunity. See Item 8 for more information regarding conflicts of interest with regard to co-investment opportunities, including co-investment activities of the Firm, its Affiliates and its Related Entities.

Operating, Joint Venture and Co-Manager Fees

Some Related Entities, Joint Venture Partners, co-managers or third-party operating partners assisting with the sourcing, management or disposition of Investments for a Client, receive management fees, acquisition fees, development fees, leasing fees, property management fees, disposition fees, incentive fees, placement fees or other compensation for their services as a means to compensate them and/or further align the interests of those partners with the relevant Clients.

Expenses

The Clients that we manage and advise, and therefore the Investors in those investment vehicles, are responsible for paying various expenses, costs and fees incurred in connection with the Client's Investment program and for property-level and entity-level expenses. Certain of these operational services are provided by us or our Related Entities, subject to a Client's Governing Documents, and others are performed by third parties. On occasion, such expenses, costs and fees are incurred by us and are then reimbursed to us by the Client.

Examples of costs and fees charged to Clients, and in certain cases the underlying Investment, include the following:

- Expenses, costs and fees related to the formation, organization, operation and maintenance of a Client, including external and internal legal and accounting expenses, insurance, auditors, appraisals, tax advisory, filing fees and expenses, printing costs, and reporting;
- Expenses, costs and fees related to the acquisition, development, ownership and disposition of Investments;
- Banking, custodial, cash management and treasury expenses and fees, including costs for lines of credit;
- Travel, pursuit and other out-of-pocket expenses associated with investigating and evaluating Investment opportunities or making, monitoring, managing or disposing of Investments for Clients and co-investment opportunities, whether incurred before or after the formation of a Client; travel costs incurred by us and/or any Affiliate and reimbursable by a Client shall be based on our internal policies which allow for first class travel and equivalent first class travel fares for private travel in certain circumstances;
- Principal, interest, expenses, costs and fees arising out of all transactions, including fees related to mortgage servicing, loan origination, and loan servicing;
- Costs related to risk management services and insurance for the Firm, Affiliates and the Client entities (including, for the avoidance of doubt, a Client's real estate Investments), including directors' and

officers' liability insurance, insurance to protect a Client and any indemnified parties, insurance claims, management expenses and related consulting fees, and direct and indirect costs and expenses associated with any litigation, threatened litigation or governmental or regulatory inquiry;

- Property and title insurance, the costs of surveys, permitting, title opinions and other due diligence and development costs;
- Expenses, costs and fees related to offering and sale of limited partnership units or other interests, including legal fees, travel expenses and the costs and expenses incurred in preparing periodically updating private placement memoranda or equivalent documents or in obtaining tax and legal opinions;
- Costs and expenses, including travel, of meetings with or reporting to Investors (including any reports prepared upon the request of an Investor) or advisory committees of any Investor;
- Design fees for architectural, engineering, interior and exterior design services for development and upkeep of Investments;
- Licensing fees for information technology software utilized in accordance with the operation and management of applicable Investments;
- Third-party legal and compliance expenses (including, without limitation, responding to formal and informal inquiries, subpoenas, investigations and other regulatory matters, and expenses associated with regulatory filings relating to the Client entities and/or a Client's Investments) and clearing and registration fees and other expenses due to regulatory, supervisory or fiscal authorities in various jurisdictions;
- Extraordinary expenses and non-discretionary expenses; and
- Transfer agent expenses, custodial expenses, brokerage fees and other fees, costs and expenses incurred in connection with Investments (See Item 12 of this Brochure for a description of the Firm's brokerage practices and related costs or fees).

Allocation of Fees and Expenses

In accordance with our internal expense allocation policies and each Client's Governing Documents, we determine on a case-by-case basis, in our discretion, whether an expense should be borne by USAA Real Estate, an Affiliate, a Related Party, a Related Entity, a Client, multiple Clients, Co-Investors, an Investment, or some combination of the foregoing. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate solely to a specific and individual Client, we typically allocate such expenses among multiple Clients and other relevant entities on a pro rata basis unless another method is more equitable. There can be no guarantee that prospective investors in yet to be formed co-investment vehicles will agree to bear expenses related to unconsummated investments and therefore all expenses can be borne by the Client.

The allocation of expenses can create potential conflicts of interest and can result in a non-pro rata allocation of expenses. Some expenses are incurred on behalf of one Client which have the potential to benefit other Clients. For example, information we obtain in connection with a Client's research, due diligence and Investment activities could be valuable to other Clients. Additionally, tools and resources developed at our expense are the intellectual property of USAA Real Estate and/or Equity Advisors and not the Clients.

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

Performance-Based Fees

Performance-based fees are designed to compensate us for managing certain Clients or Investments that meet or exceed agreed-upon performance levels or targets. These types of structures attempt to align the Firm's compensation with the investment objectives and results of our Clients and Investors. Consistent with the relevant Governing Documents, performance-based fees can be subject to the performance of individual Investments, groups of Investments or the entire portfolio held by a given Client. A Client's performance-based fees (if such exist) are described in the Client's Governing Documents. These can be characterized variously as incentive fees, incentive compensation, carried interest or other similar designations. The calculation is frequently performed according to a total return formula such as internal rate of return ("IRR") in relation to a stated return objective, whether that be a target fixed return, a stated benchmark's return, or other such hurdle.

The Firm or its Affiliates are permitted, in their sole discretion, to waive or reduce the amount of performance fees that, once earned, are paid. Specifically, Related Parties and Related Entities who invest in a Client will generally pay reduced performance-based fees or none at all. Similarly, some Co-Investors pay a lower performance-based fee, or none at all.

Side-by-Side Management

Side-by-side management refers to the simultaneous management of multiple Clients with similar or overlapping investment strategies, some of which have differing fee structures. In theory, this has the potential to result in a conflict of interest because we have an incentive to favor the Client with a higher fee or a performance fee, including an incentive for favorable Investments to be allocated to a Client with higher fees. The Firm has the following protections in place to help mitigate the potential for conflicts caused by side-by-side management and performance or incentive-based fee structures:

- A multi-disciplined Investment team with separate reporting lines, including senior management, participates in the initial screening of all potential Investments to assess their appropriateness for each Client, taking into consideration such factors as portfolio objectives and property type, risk profile, investment structure, geographic location, and execution timing constraints,. This disciplined process is designed to provide effective checks and balances for mitigating the potential for conflicts to be mismanaged by any one individual.
- A proposed Investment recommendation that could be appropriate for Clients with overlapping mandates is offered to those Clients based on the Firm's investment allocation and rotation policy ("Rotation Policy"), which does not consider variances in Client fee arrangements. The Firm maintains rotation sub-sets to define which Clients have overlapping mandates for each type of Investment. These rotation sub-sets are based on property type sectors, property size, and acquisition versus development opportunities. Each rotation sub-set is operated as a distinct queue for Client mandates that overlap, and if a potential Investment is suitable for more than one Client, the Investment is first offered to the Client holding the highest priority in the applicable rotation queue, with priority being based on the length of elapsed time since the Client's last Investment in that queue. As a result of the rotation process, not every opportunity appropriate for a Client will be

allocated to it in whole or in part. Additionally, Investors with approval rights can decline an Investment recommendation.

There are instances where the Investment is declined by the portfolio manager of the Client holding the highest priority in the rotation queue. This may be because the Investment falls outside the Client's investment strategy, return target, target market, risk characteristics, required leverage levels, tax or strategic considerations as stated in the Client's Governing Documents (a "Non-Strategic Investment"). In other circumstances there may be limitations such as the lack of available capital or the timing is not conducive to the Client ("Non-Conductive Investment"). For Investments (or portions thereof) remaining available after the Rotation Policy has been applied, the Firm, Related Parties, Related Entities, Affiliates, Employees, or other Investors can, and have, elected to proceed and invest in a Non-Strategic Investment or Non-Conductive Investment.

- The Firm's Investment recommendations are created, reviewed and approved in accordance with the investment guidelines as defined in each Client's Governing Documents. These recommendations take into consideration possible conflicts including whether other Clients have assets within the sub-market and are directly competitive to the Investment being recommended.
- All Investment recommendations are reviewed and require approval by the Firm's Real Estate Investment Committee or Commercial Mortgage Investment Committee, as applicable (each an "Investment Committee" and collectively, the "Investment Committees"), each of which consists of the Firm's senior officers that are responsible for oversight of Client Investments.

Item 7 – TYPES OF CLIENTS

We provide investment advice to our Clients, which are the Funds, Separate Accounts, Conduit Entities, Client SPV Entities and Joint Venture Partnerships described in Item 4 above. Separate Account Clients and Client's Investors can be expected to consist of one or more of the following:

- Public and private retirement and pension plans;
- Insurance companies;
- State and municipal government agencies;
- Sovereign wealth funds;
- Private investment funds;
- Public and private profit-sharing plans;
- Banks and other financial institutions;
- Charitable organizations and foundations, including endowment funds;
- Investment companies;
- Trusts and estates;
- Corporations;
- Family offices;
- Certain high net worth individuals;
- Related Parties, Related Entities and Employees; and
- Business entities other than those listed above.

The Clients are not registered or required to be registered under the Investment Company Act and interests in the Clients are not made available to the general public. Client securities are not registered or required to be registered under the Securities Act of 1933, as amended; and Client interests are privately placed to qualified Investors. Each Client requires minimum capital commitments from an Investor, which are detailed in the relevant Client's Governing Documents. Equity Advisors has accepted minimum subscriptions and commitment amounts of less than the stated minimum amount in its discretion.

Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISKS OF INVESTING

Methods of Analysis and Investment Strategies

The Firm focuses on value-oriented investing and seeks attractive risk-adjusted returns through a broad range of real estate equity and debt investment strategies. The Firm's overall objective is to develop, acquire, and/or improve real estate assets to create and preserve value and to attract quality tenants that provide rental income, forming the basis of the ultimate cash flow in, and value appreciation of, the Investment.

We make Investments across the capital structure and in various ventures and properties located in the U.S., and to a lesser extent, in non-U.S. markets. Our investment approach includes:

- Developing and acquiring quality Investments with strong elements of design, size, access and marketability;
- Thoughtfully selecting Investments in targeted locations;
- Maintaining discipline around replacement cost; and
- Actively managing each Investment with a view toward an ultimate exit strategy.

Investment Risk Spectrum

Client Investments span the risk spectrum and key characteristics of the various types of Investments are set out below.

Core. Core investment strategies generally focus on acquiring and owning assts with dependable income streams and relatively stable value and often involve lower leverage. Properties in the Core category can include assets undergoing minor renovation or expansion where there is a relatively low impact on the property's occupancy or operations. Core real estate debt strategies fund properties that offer stabilized income by providing senior mortgages based on conservative credit profiles in terms of loan-to-value, debt service coverage, and sponsor and asset quality. "Core Plus" is generally considered a subcategory of Core. Core Plus Investments can include taking reasonable degrees of additional investment risk (including, but not limited to, income durability, asset transition, market and asset selection, and/or leverage) to try and achieve comparatively higher returns. A Core-Plus strategy typically will include certain allocations of Non-Core Investments to create a portfolio with higher return expectations.

Non-Core. Non-Core investment strategies generally focus on value-creation activities with the intent of producing higher total returns than are typically available in Core investments. Development, redevelopment, renovation, expansion, significant re-leasing, and other transitioning investment

activities are characteristic of Non-Core asset strategies. Build-to-suit developments (those which are pre-leased) and speculative developments (those which are not pre-leased) are common in Non-Core strategies. Non-Core strategies can also involve moderately or significantly higher leverage, less populous or less liquid markets, and/or broader asset selection criteria than Core strategies. “Value-add” and “Opportunistic” are generally considered subcategories of Non-Core. Non-Core real estate debt investments fund similar types of real estate while offering downside collateral protection with returns that are structured senior to the returns payable to sponsor equity. Typical value-add debt investment structures include mezzanine, junior debt or preferred capital investments that may include some element of upside participation.

Investment Property Types

We invest in industrial/logistics, multi-family and other housing, office, data centers, life science, media content production studios, retail, hotel properties, mixed-use properties, land and land development, and other real estate or infrastructure assets.

Industrial/Logistics. Our industrial/logistics strategy is based on developing, acquiring and/or financing warehouse properties in major distribution markets and in the logistics path of major population centers with strong long-term demand prospects. We focus primarily on build-to-suit or build-to-core developments as well as acquisitions to achieve stabilized, substantially-leased properties. We also pursue Investments in assets with current vacancies or opportunities with near-term lease rollovers at below-market rents, which can be purchased at below replacement cost. A significant segment of our activity is driven by the rapidly growing demand for warehouse and distribution space from e-commerce firms and their supply chain partners and suppliers.

Multi-Family and Other Housing. Our multi-family and other housing strategy is to develop, acquire or lend on well-built, well-located assets in markets with good long-term economic and demographic fundamentals. Our Investments include all classes of multifamily rental housing, institutional-quality housing land development, senior or age-restricted housing, student housing, or other product types within the housing umbrella, and span the demand base from Class A, workforce and affordable housing. Certain housing Investments include ground-up development, land development or substantial renovation (e.g. re-positioning or redeveloping an Investment, such as renovating existing apartment projects or converting a commercial property to apartments). Our acquisition strategy in the sector focuses on acquiring Investments below replacement cost that offer a chance to add value through renovation and enhanced property management.

Office. Our office strategy focuses on developing, acquiring and/or financing office buildings or campuses that offer opportunities to create durable cash flows and value, while targeting markets with strong job growth in key sectors of the economy, such as technology, health sciences, finance and media. We primarily seek properties in central business districts, or similarly appealing suburban locations with a place-making element and strong job growth prospects. Often, we invest to significantly improve existing office assets to meet today’s requirement for modern, efficient and upscale office projects with amenities appropriate to attract high quality tenants. One specific component of our office strategy is to invest in properties leased to agencies of the U.S. federal government, through development and acquisition activities.

Data Centers. Our data center strategy is to develop and possibly acquire data center real estate to serve the extensive demand for state-of-the-art data storage and access in support of today's digital economy. Whether hyperscale (i.e. large, single tenant), co-location or wholesale data facilities (i.e. multi-tenant), data centers require significant power, cooling, data connectivity, reliability and security. Our existing and prospective Investments are focused on land development, vertical development, powered shell and/or complete delivery of data center solutions for technology and other companies.

Life Sciences. Our life sciences strategy focuses on developing and possibly acquiring life science real estate to serve the robust and growing demand for such space in the U.S.'s leading markets for medical, biological, pharmaceutical and other associated research and development.

Media Content Production Studios. Our media content production studio strategy meets today's intersection of real estate and technology with the rapid increase in demand for and production of movie, television and streaming content. It includes the acquisition, improvement and development of state-of-the art studio production, support and office space.

Retail. Our retail strategy focuses on owning, developing, redeveloping and/or financing shopping centers or retail components of mixed-use properties across a variety of submarkets, demographics and retail formats. The strategy includes investment opportunities in grocery anchored retail centers, large outdoor shopping centers with an emphasis on big-box stores, urban retail, urban retail mixed-use, single-tenant net-leased retail and certain regional malls.

Hotel. Our hotel strategy, while presently a small portion of our portfolio and strategic focus, seeks to finance, develop and/or acquire high quality hotel properties in the limited service, full service and resort categories.

Mixed-Use Properties. Our mixed-use real estate strategy focuses on owning, developing, redeveloping and/or financing properties which include multiple real estate uses in the same project, to attract users and customers to a vibrant district, thereby attempting to develop or operate real estate that is attractive to urban planning objectives and/or create additional or enduring value.

Land and Land Development. Our land and land development strategy typically focuses on acquiring land to put into use within one of the aforementioned property sectors through entitlement, rezoning and/or development. This strategy will occasionally entail holding land for extended time periods or buying real estate with a current use which will be modified in the future to create additional value.

Infrastructure. Our infrastructure strategy is focused primarily on investing in digital infrastructure. Digital infrastructure includes those assets required to support critical digital communication devices, systems and processes that power the modern economy such as data centers, cold storage facilities, wireless communication towers, fiber optic networks, renewable energy, and distributed power generation. Over time, we may also pursue opportunities in more traditional, critical need infrastructure including power, water and wastewater, transportation and other public-oriented infrastructure.

Investment Research and Analysis

As part of our active management process, we utilize our proprietary research and investment approach to enable us to identify opportunity and value across property types, markets, and individual properties. Our investment analysis typically includes input as needed from our Research, Investments, Development, Portfolio Management, and Asset Management teams which informs our Firm's overall investing outlook, including with respect to new strategies. The Investments, Development, Asset Management and Research teams work closely with the Portfolio Management team in an ongoing and cooperative fashion, honing portfolio strategy, investment underwriting, sector and market targets, perspectives on the economic and real estate cycles, business plans and execution strategies, hold/sell analysis and market analysis in support of each Client's Investment program.

As necessary from time to time, in support of the investment process, the Research team provides industry insights and evaluates global macroeconomic, microeconomic, real estate trends and capital market conditions. This research can include monitoring demographic patterns, consumer and corporate behavior, real estate space fundamentals, general liquidity and pricing momentum, interest rate and currency movements, projected economic growth and other factors and trends.

The Investments and Development teams are responsible for, among other things, evaluating markets, submarkets, market participants, and investment or disposition opportunities by Clients. The Investments or Development team prepares investment opportunities and recommendations for evaluation with the Portfolio Management team. The Portfolio Management team, considering portfolio strategy, diversification, available capital, leverage strategy and all other factors relevant to each Client, opt whether to pursue certain Investment opportunities.

When Portfolio Management decides to pursue a potential Investment on behalf of a Client, the Investments team or Development team prepares a more complete underwriting analysis that exhibits cash flow, valuation and return assumptions considering market conditions and investment risks. This analysis can include performing scenario analysis on various underwriting assumptions, such as: a) rental rates, b) capital expenditures, c) operating expenses, d) rental and operating expense annual growth rates, e) occupancy, f) exit capitalization rate, g) lease-up timing and h) interest rates. The assumptions applicable to each prospective Investment opportunity are changed to isolate and evaluate their impact on the Investment's overall risk and return profile.

In certain circumstances we use as an additional information source back-tested, proprietary artificial intelligence models that use machine learning and predictive analytics to examine historical datasets and information. These tools are intended to provide visibility into economic and business cycles while enhancing understanding of relative investment risk across US metropolitan statistical areas and assist in the investment qualifying process. These tools also help us incorporate downside protections measures at the asset level in connection with underwriting, due diligence and property operations.

Real estate investment briefs are submitted to the Firm's Real Estate Investment Committee for its review and consideration. Commercial Mortgage Loan briefs for new loans are submitted to the Commercial Mortgage Investment Committee. A brief includes an analysis of the compelling reasons for the proposed Investment; a description of the risks and mitigating factors; Investment underwriting analysis and valuation, which includes return sensitivity analysis that illustrates the impact to the Investment's return profile resulting from changes to a variety of underwriting assumptions; submarket fundamentals,

including comparable leasing and sales transactions; borrower or sponsor overview; key investment characteristics; and project execution, status and timing. The brief generally includes information on the Client's existing portfolio with the Firm and considers how the new Investment will impact diversification, returns from income and growth, and sector and leverage weightings per Client. The relevant Investment Committee must formally approve all new equity and debt investments and Investment acquisitions and dispositions.

Once an Investment becomes a part of a Client's portfolio, the Firm's Development and/or Asset Management team takes on responsibility for the oversight of the Investment. The Development team is tasked with bringing to completion all development-oriented Investments. The asset management process is a collaborative endeavor which includes coordinating each of the disciplines required to manage the individual Investments within the applicable portfolio, such as overseeing property managers and leasing specialists, auditors, engineers and construction professionals, Joint Venture Partners, and legal and due diligence specialists to bring about sound recommendations to Portfolio Management as to the Investment strategy, and to execute on those strategies. The Asset Management team uses a series of reports and touchpoints to monitor performance, including leasing status reports, monthly or quarterly property reports, quarterly financial statements, quarterly valuation updates, property inspections, renovation plans, market studies, tenant surveys, operating expense benchmarking, and annual budgets. Included in these reports is information required to understand budget variances, status of any ongoing projects, tenant matters, insurance compliance, and any other topics germane to the Investment and its strategy. The Asset Management team holds a formal review of the business plan with respect to each Investment at least annually. The Asset Management team uses the business plan to review and update the Portfolio Management team and senior management on all Investment conditions and ongoing initiatives. Business plan reviews are important touchpoints functioning as follow-up advisory sessions for each Investment.

Hold/Sell Analysis

The Firm's goal is to optimize a Client's risk adjusted returns while striving to minimize and/or mitigate risk. When an equity Investment's business plan has been executed at the Investment level, when it is in line with the Client's overall business plan, and/or when market conditions are conducive to exit at acceptable or better-than-acceptable returns, the Investment may be considered for sale. In seeking the optimal time for disposition, the Firm's approach involves both a qualitative and a quantitative analysis of the Investment and its market. The hold/sell analysis typically includes a review of the following factors:

- Business plan achievement;
- Third party opinion of value (either a broker opinion of value or appraisal) compared to the Firm's current estimate of value;
- Since inception IRR through most recent valuation and through continued ownership;
- Going forward IRR compared to returns from other financial instruments;
- Total returns in comparison to investment and portfolio benchmarks and equity multiple;
- Diversification and/or allocation benefits of remaining Investment;
- Environmental and physical issues;
- Equity and debt capital structure considerations;
- Holding period compared to original anticipated holding period;

- Market supply and demand and competitive position in the market;
- Replacement cost compared to the Firm's current estimate of value;
- Stability of cash flows (lease rollover, capital expenditures);
- Status of venture partner (if applicable);
- The downside to holding longer; and
- Currency and/or tax considerations, as applicable.

If an analysis of the above factors indicates that it is appropriate to sell an Investment, a disposition brief is submitted to the Firm's Real Estate Investment Committee for review and approval. The brief sets out the rationale for recommending that an Investment be sold as well as the estimated terms that can be expected from a sale process. If required by a Client's Governing Documents, the Portfolio Manager will secure a Client's written approval for disposition of an Investment. If the recommendation is approved, the Portfolio and Asset Management teams work with the Dispositions team to effectuate the sale of such Investment.

Commercial Mortgage Lending

Our Commercial Mortgage Lending ("CML") program invests on behalf of institutions in fixed-rate non-recourse, senior mortgage loans and manages these loans. Certain Clients co-invest in loans through participation arrangements. The CML program focuses its investment strategy on stabilized asset level financing in major property types across primary and secondary markets in the U.S. Loans generally have terms of 5 to 30 years with loan to value targets of 65% or less. The loans are rated using our proprietary rating model at origination and updated through an annual review process. The interest rate charged to the borrower is directly related to risk factors, including loan-to-value, location, property quality, and experience level of the borrower.

For each loan older than 12 months, an annual valuation is completed. We calculate the loan-to-value, debt yield, debt service coverage ratio and internal risk rating to determine if any loans require more frequent performance monitoring. In addition, on a quarterly basis for loans older than 12 months, market values are updated using market interest rates that are influenced by certain metrics (i.e., loan-to-value, debt service coverage, occupancy, etc.) determined from the annual valuation process. The market value estimate allows the Firm to estimate if loans would trade at a premium, discount or par. The market value and annual review processes also allows the Firm to recommend if loan loss or impairment reserves should be applied to any loans.

Derivative Investments

Equity Advisors uses derivatives to hedge certain interest rate or currency exposures. Equity Advisors does not invest in derivatives for speculative purposes. The Firm uses third-party consultants to consult on hedging strategies, coordinate execution of its hedging positions, and to assist in the coordination of pre- and post-trade documentation. Other consulting services include, but are not limited to, reviewing term sheets for prospective investments and loans, and providing advice on interest rate, pricing, hedging and guaranty related language. Please refer to Item 12 for a description of the Firm's brokerage practices.

Risks

We manage Investment risk as appropriate for each Client, at both the portfolio and Investment levels, including through the use of diversification, limits on leverage, and the amount of co-investment. Investing in real estate and other real estate-related interests, and originating real estate debt involves various degrees of risk and potential loss. This section describes some of the primary risks of investing in commercial real estate equity, debt and securities or of engaging us to manage or advise on those Investments. Each Client's Governing Documents includes a more detailed discussion of the specific risks associated with investing in that particular Client.

We seek to mitigate risk and manage each Client so that the risks are appropriate to the Client's strategy; however, it is impossible and not desirable to fully mitigate all risks. The particular risks applicable to a Client or Investment will depend on the nature of the portfolio, its investment strategy and the types of Investments held, as well as macro and microeconomic conditions. In light of the current uncertainty and volatility in the financial, social and health conditions in the U.S., Europe and the rest of the world, certain risks are heightened compared to a more normal environment.

General Risk of Real Estate Investments

Equity investments in real estate are subject to the risks generally incidental to ownership and operation of income-producing real estate. Real estate values are affected positively or negatively by a number of factors, including:

- Liquidity level of Investments;
- The availability of cash from operations sufficient to meet fixed obligations;
- Changes in economic conditions affecting real estate ownership directly or affecting the demand for real estate;
- Changes in the global macro-economic climate;
- Financial condition of tenants;
- Local market conditions (such as an oversupply of space or a reduction in demand for space);
- Competition based on rental rates;
- The perceived attractiveness of the properties and their location;
- The need for unanticipated expenditures in connection with environmental matters;
- Changes in real estate tax rates and other operating expenses;
- Adverse changes in laws, governmental rules (including those governing usage, improvements, zoning and taxes) and fiscal policies;
- Acts of nature, including earthquakes, fires, climate risks of cyclones, storm surge/sea-level rise, floods, wildfires, heat stress and water stress (which can result in uninsured losses and can negatively impact investor interest, occupier demand, operating expenses and capital expenditures);
- Man-made exposures such as wars, riots, or acts of terrorism;
- Environmental and waste hazards;
- Energy and supply shortages;
- Uninsured losses or delays from casualties or condemnation;
- Structural or property level latent defects;
- Changes in the broader perception of commercial properties as an investment class;

- Quality of maintenance, insurance and management services; changes in interest rate levels and the availability of mortgage funds which has the potential to render the sale or refinancing of properties difficult or impracticable; and
- Other factors that are beyond the Firm's control.

Debt investments share these risks indirectly as such risks have the potential to affect the value of underlying collateral. However, many debt investments are, to certain degrees, isolated from such risks given their senior positions in the capitalization of such collateral relative to the equity ownership position.

Competitive Markets

Competition for real estate investment opportunities can be high, and such competition can limit the ability to acquire desirable target assets, affect the underwriting or pricing of assets, or adversely impact Investment returns. Some of these competitors for real estate investment opportunities could have different investment objectives than our Clients, enabling them to accept more risk, pay higher prices or invest on inferior terms or accept lower returns than we deem reasonable or appropriate for a Client. To the extent applicable, participation in auction transactions will also increase the pressure on the price of a transaction. There can be no assurance that real estate investments of the type in which we seek to invest will continue to be available, that available investments will meet our investment criteria or that we will be able to fully invest a Client's committed capital.

Failure to Meet Targeted Returns

Investments are made based on the Firm's estimates or projections of internal rates of return, cash on cash returns and other similar metrics, which in turn will be based upon various factors, including projections of future growth rates and interest rates of applicable markets, development and redevelopment and/or operating costs, rental and lease-up rates of commercial properties and disposition timing and proceeds, all of which are inherently uncertain. The actual performance of the Investments has the potential to differ from the projections of the Firm and can differ materially. Clients have no assurance that the Investments made by the Firm will achieve targeted total returns on Investments.

Illiquidity

Equity and debt real estate assets are relatively illiquid. The ability to dispose of real estate assets in a timely or favorable manner is subject to many factors beyond our control, including, but not limited to, general economic conditions, supply and demand, the availability of capital (whether from lenders or investors) and interest rates.

Valuation

Valuation of real estate and real estate debt is subject to numerous assumptions and is not a precise measure of realizable value. The value of an Investment as of a particular date can be materially greater than or less than the value that would be determined if an Investment were to be liquidated

as of such date. Volatile market conditions or illiquidity of real estate investments could result in liquidation values that are materially less than the values of such assets as reflected in a portfolio.

Concentration Risk

A real estate investment portfolio that is concentrated in a particular country, region, market, industry sector or asset class could be more susceptible to loss due to adverse occurrences the relevant country, region, market, sector or asset class than a more diversified real estate investment portfolio.

Leverage

In most circumstances, our Investments employ leverage to reduce the equity investment requirement and enhance returns and diversification. While the use of leverage can enhance returns and increase the number of Investments that can be made, leverage increases the exposure of an Investment to adverse economic factors such as rising interest rates and downturns in the economy or in the Investment itself. As an Investment incurs indebtedness, it will become subject to the risks associated with debt financing, including the risks that available funds will be insufficient to meet required payments, that existing indebtedness will not be able to be refinanced or that the terms of that refinancing will not be as favorable as the terms of existing indebtedness. Debt financing can restrict the amount of funds available for distribution to clients. In addition, there is a risk of loss of principal to the extent of any deficiency between the underwritten value of the collateral and the principal and accrued interest of the mortgage or other loan.

REITs

Entities that we elect to establish as a REIT do not pay federal income taxes if they meet the requirements to qualify as a REIT. REITs are permitted or required to be part of the structure of certain Clients, which subjects those Clients to REIT-related risks. REITs depend generally on their ability to generate cash flow to make distributions to shareholders. If any REIT were to fail to qualify as a REIT in any taxable year, it would have adverse tax consequences, creating a risk that an Investment in that REIT could perform negatively. In addition, the performance of a REIT could be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income.

Uninsured Loss

Certain types and magnitudes of potential losses at real estate Investments are not insured because it is not economically feasible to insure against such losses or are subject to certain insurance limitations, including large deductibles or co-payments. Should an uninsured loss or a loss in excess of limits occur, the Client could lose its capital invested in such Investments as well as future revenue, while remaining liable for any debt or other financial obligations related to such Investments. For debt investments, if the property owner suffers an uninsured loss, the property could be impaired and the lender's secured position can also be impaired.

Foreign Investments

With any Investment outside the U.S., there exist certain economic, political and social risks that might not be found in a similar investment in the U.S. Investments are generally denominated in the

currency of the jurisdiction where the Investments are located and thus are subject to fluctuation in currency exchange which can affect the value of the assets. To mitigate such risks, Clients can obtain financing in the relevant foreign currency and may enter into hedging transactions. While such hedging transactions can reduce such risks, they may result in poorer overall performance for a Client than if it had not entered such hedging transactions.

In addition, laws, regulations and conditions in foreign countries may impose restrictions or risks that would not exist in the U.S. and may require financing and structuring alternatives which differ from those customarily used in the U.S.. Foreign countries may also impose taxes on the funds and their investors which differ from those imposed in the U.S.

Brexit

As of January 1, 2021, under the United Kingdom's ("UK") exit ("Brexit") from the European Union ("EU") the UK became a "Third Country" with respect to EU financial services regulation and, as such, UK firms are no-longer able to utilize the passporting regime that allows European Economic Area ("EEA") regulated entities to operate on a cross-border basis in other EEA countries without the need for a separate license or authorization. Our ability to market and provide investment services in the EU could be adversely affected by Brexit.

Brexit – Market Volatility

The UK's exit from the EU may lead to increased uncertainty and volatility in the UK, EU and other financial markets, fluctuations in asset values or exchange rates, decreased liquidity of investments located, traded or listed within the UK, the EU or elsewhere, changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price and terms on which they are prepared to do so; and changes in legal, regulatory or tax regimes to which our Clients or their Investments are or become subject.

Environmental, Social and Governance Risks

Equity Advisors follows certain standards of responsible investment conduct in managing certain Clients, provided they are consistent with the Clients interests and Investment objective. Such standards may encourage or require us to follow certain environmental, social and governance ("ESG") or similar practices where appropriate, including in investing and managing Investments.

Sustainability Risk

Sustainability risk means an ESG event or condition, that, if it occurs, could potentially or actually cause a material negative impact on the value of an Investment. Sustainability risk can either represent a risk on its own or have an impact on other risks and contribute significantly to the risk, such as market risks, liquidity risks or operational risks.

With regards to an environmental event or condition, real estate could be severely damaged or destroyed by physical climate risks, including climate change that could materialize as either singular extreme weather events (for example floods, storms and wildfires) or through long-term impacts of climatic conditions (such as precipitation frequency, weather instability and rise of sea levels).

Furthermore, transition risks can affect real estate assets through the adjustment to a low carbon economy. For example, political decisions could increase energy prices or lead to higher investment costs due to necessary refurbishments of real estate to meet enhanced energy efficiency requirements (caused by local, national, regional or global legislation). Transition risks could also lead to a reduction in demand for energy inefficient real estate. The market value of real estate may also be negatively affected by sustainability risks, for example through adverse changes in revenues, higher costs or impaired valuations and sales prices.

European Commission Action Plan on Financing Sustainable Growth

The European regulatory environment for alternative fund managers and financial services firms continues to evolve and increase in complexity, making compliance more costly and time-consuming. In March 2018, the European Commission published an Action Plan on Financing Sustainable Growth (the “EU Action Plan”) to set out an EU strategy for sustainable finance. The EU Action Plan identified several legislative initiatives, including the Sustainable Finance Disclosure Regulation (the “SFDR”), which applies as of March 10, 2021. The SFDR requires transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in an alternative investment fund manager’s processes and the provision of sustainability-related information with respect to alternative investment funds, which could have an impact on Equity Advisors and its Clients.

Environmental Risks

An Investment could be exposed to substantial risk of loss from undisclosed or unknown environmental, health, or occupational safety matters, or inadequate reserves or insurance for such matters. Under various U.S. federal, state, local and non-U.S. laws, ordinances and regulations, an owner of real property could be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws could impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability could also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental claims with respect to a specific Investment could exceed the value of the Investment, and under certain circumstances, subject the other assets of the Client to such liabilities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they could incur in connection with the contamination.

The cost of investigation, remediation, management or removal of hazardous or toxic substances is potentially substantial and could adversely affect the ability to sell or lease an Investment or obtain financing. The presence of such substances, or the failure to properly remediate contamination from such substances, could adversely affect the owner’s ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on a Client’s return from such Investment.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or

continuing property damage (which could adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, certain Client's operating costs and performance could be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of such Partnerships, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations could also restrict development of, and the use of, property. Certain clean-up actions brought by federal, state, county and local agencies and private parties could also impose obligations and result in additional costs to the Client.

Prior to purchasing an equity interest in any property or closing a debt investment, the Firm reviews a Phase I environmental assessment prepared by an independent environmental consultant. A Phase I assessment typically includes an inspection of the property and a review of public records but no sampling of soil, surface water, groundwater, or other media. If the Phase I assessment reveals cause for concern, the Firm may direct the consultant to conduct further investigation of environmental risks associated with the property, including sampling. No assurance can be given, however, that either a Phase I assessment or subsequent investigation will reveal all potential environmental liabilities and properly assess their scope.

Harmful Mold and Other Air Quality Issues

Under various laws, ordinances and regulations of the jurisdictions in which the Firm operates, an owner of real property may be liable for the costs of removal or remediation of certain harmful mold in such property. Such laws may hold the owner liable regardless of whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property. The Firm performs extensive physical testing to detect harmful mold surface exposure. However, when excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to radon, airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of the properties could require undertaking a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose a client to liability from tenants, employees of tenants and others if property damage or health concerns arise.

Commercial Mortgage Loans

The risk of loss on an investment in a commercial mortgage loan will be largely dictated by whether the borrower is delinquent in its payment obligations or otherwise defaults on the loan and the severity of losses incurred as a result of the same. Factors influencing defaults and the resulting severity of losses include a broad range of factors, including (i) economic and real estate market conditions and their corresponding effects on property values, (ii) the terms and structure of the loan

itself, and (iii) the lender's ability to realize upon the real property collateral securing the loan. The performance of any given commercial mortgage loan will be materially affected by the ability of the underlying property to attract and retain tenants and the ability of tenants to make their lease payments. The failure to properly underwrite the value of the underlying real property when making loans will impact the likelihood of a loan default and loss on investment.

Commercial mortgage loans are generally not fully amortizing and therefore may have a significant principal balance or "balloon" payment due on maturity. Such loans involve a greater risk to a lender than fully amortizing loans because the ability of a borrower to make a balloon payment typically will depend upon its ability either to fully refinance the loan or to sell the property securing the loan at a price sufficient to permit the borrower to make the balloon payment. The ability of a borrower to effect a refinancing or sale will be affected by a number of factors, including the value of the property, the level of available mortgage rates at the time of sale or refinancing, the borrower's equity in the property, the financial condition and operating history of the property and the borrower, tax laws, prevailing economic conditions and the availability of credit for loans secured by the specific type of property.

Commercial mortgage loans generally are non-recourse to borrowers. In the event of foreclosure on a commercial mortgage loan, the value of the collateral securing the loan at the time of foreclosure may be less than the principal amount outstanding on the loan and the accrued but unpaid interest thereon. Although recourse is typically allowed against a borrower affiliate guarantor with respect to certain actual losses and, in some cases, the entirety of the outstanding obligations to the lender, the terms and scope of such recourse guaranties are subject to substantial commercial negotiation and can be practically difficult to enforce in a court of law.

Although a lender will have certain remedies upon a borrower default, including foreclosing on the underlying property in the case of a commercial mortgage loan or an agricultural loan, certain contractual requirements, legal requirements and borrower defenses can limit the ability of the lender to effectively exercise such remedies. The laws with respect to the rights of debtors and creditors in certain jurisdictions in which a debt fund invests may not be comprehensive or well-developed, and the procedures for the judicial or non-judicial enforcement of such rights may be of limited effectiveness resulting in the potential for losses on defaulted loans. If the lender acquires title to an asset through foreclosure, it may be subject to the burdens of ownership of real property, which include paying expenses and taxes, maintaining the asset, and ultimately disposing of the asset. No assurance can be given that there will be a ready market for the sale of any real property acquired by a lender pursuant to a foreclosure or, if the property can be sold, that any such sale will be made at a price sufficient to cover all of the borrower's obligations to the lender under the defaulted loan.

Interest Rates

To the extent that floating-rate financing is employed in debt financing, changes in interest rates, particularly short-term interest rates, may immediately and significantly decrease the results of property operations and cash flows and the market value of relevant Investments. If fixed-rate financing is employed and interest rates subsequently decline, this can result in the borrower paying interest rates at above-market rates for significant period of time. As discussed above, on occasion we enter into interest rate swap or cap agreements for the purpose of hedging interest rate risk or pursue other hedging strategies. It is possible these activities will not fully protect the borrower from

the impact of interest rate risk and hedging involve costs that can adversely impact investment performance.

Systemic Risk

Credit risk could arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs. A default by one institution could cause a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and could adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which certain Clients interact. A systemic failure could have material adverse consequences for Clients and on the markets, including the real estate market.

LIBOR Risk

LIBOR risk is the risk that artificially low submissions to the London Interbank Offered Rate (“LIBOR”) rate setting process during the global financial crisis could adversely affect the interest rates on securities and loans whose payments were determined by reference to LIBOR. In March 2021, the ICE Benchmark Association Limited, the authorized administrator of the announced its intention to cease the publication of all non-USD LIBOR tenors after December 31, 2021, and all USD LIBOR tenors (other than one week and one month) after June 30, 2023. Once LIBOR ceases to be published, financial instruments that previously referenced LIBOR are expected to transition to an alternative reference rate (e.g. the Standard Overnight Financing Rate (SOFR)). It is possible that accounts that procure or issue debt financing that use LIBOR to determine interest rate obligations will be adversely affected as a result of the transition. In addition, there can be no assurance that a replacement index will allow a lender to generate returns acceptable to investors or allow an obligor under a loan to continue to satisfy its payment obligations.

Reliance on Key Employees

The Firm and its Clients depend in large part on the skill and expertise of the Firm’s key officers and real estate professionals. The death, disability or departure of a key person has the potential to adversely affect the performance of our Investments.

Reliance on Operating Partners and Other Third Parties

Some Investments are made through Joint Venture Partnerships, Conduit Entities, SPV Entities or other co-investment arrangements formed for the purpose of investing in real estate. Such Investments can have shared or limited control, and the Investment performance in such vehicles can be highly dependent on the credit, acumen and behavior of the relevant operating partners or other entities or individuals that they retain, such as a property managers, leasing personnel, construction managers, or general contractors.

Equity Advisors often works with operating partners with whom it has a long-standing relationship. However, reliance on third parties to manage or operate investments still presents risks, including the possibility that:

- The third party will have economic or other business interests or goals which are inconsistent with those of our Clients;
- The Client will have limited rights with respect to the development or operation of the Investment;
- The Firm, on behalf of its Clients, and the operating partner will reach an impasse on a major decision that requires the approval of both parties;
- The operating partner will encounter liquidity or insolvency issues or may become bankrupt; or
- The operating partner will take actions that subject the Investment to liabilities in excess of, or other than, those contemplated.

It can also be more difficult for a Client to sell its interest in the Investment. Some operating partners have joint approval rights with respect to major decisions concerning the management and disposition of the Investment, which would increase the risk of deadlocks. As a result of these risks, it is possible the Client will be unable to fully realize its expected return on any such Investment.

If the applicable venture or management arrangements are terminated for any reason, or if key personnel leave or otherwise become unavailable, it may be difficult to find a suitable replacement. In addition, agreements governing joint ventures often contain restrictions on the transfer of a Joint Venture Partner's interests, including "buy-sell" or similar provisions which could result in the requirement that a Joint Venture Partner purchase or sell its interests at a disadvantageous time or on disadvantageous terms.

Operational and Other Related Risks

Operational Risk

The Firm and Clients can suffer losses arising from shortcomings or failures in operational processes, procedures, or systems.

Technology and Cybersecurity

We are dependent on the effectiveness of the information and cybersecurity policies, procedures and capabilities we maintain to protect the confidentiality, integrity and availability of our computer and telecommunications systems and the data that resides on or is transmitted through them. An externally caused information security incident, such as a cyber-attack, or an internally caused incident, such as a failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential Client or competitive information.

Due to the complexity and interconnectedness of our systems, the process of upgrading existing capabilities, developing new functionalities and expanding coverage into new markets and geographies, including to address Client, Investor, or regulatory requirements, can expose us to additional cyber and information security risks or systems disruptions. Although we have implemented policies and controls, and taken protective measures, to strengthen our computer systems, processes, software, technology assets and networks to prevent and address data breaches, inadvertent disclosures, cyber-attacks and cyber-related fraud, there can be no assurance that any of these methods prove effective.

Due to our interconnectivity with third-party vendors, exchanges, clearing houses and other financial institutions, we can be adversely affected if any of them are subject to a successful cyber-attack or other information security event. We also routinely transmit and receive personal, confidential or proprietary information by email or other electronic means. We collaborate with vendors and other third parties to develop secure transmission capabilities and protect against cyber-attacks. However, we cannot ensure that it or such third parties have all appropriate controls in place to protect the confidentiality of such information.

Any information security incident or cyber-attack against us or our vendors, including interception, mishandling or misuse of personal, confidential or proprietary information, have the ability to cause disruptions and impact business operations. This could also potentially result in financial losses, the inability to transact business, violations of applicable privacy and other laws, loss of competitive position, regulatory fines and/or sanctions, breach of Client Governing Documents, reputational harm or legal liability. Many jurisdictions in which we operate have laws and regulations related to data privacy, cybersecurity and protection of personal information. Any determination of a failure to comply with any such laws or regulations could result in fines and/or sanctions against us.

Legal, Tax, and Regulatory Risks

The Firm and its Clients must comply with various legal requirements, including those imposed by securities laws, tax laws and pension laws. Laws and regulations affecting our business change from time to time, and we are currently operating in an environment of significant global and U.S. regulatory reform. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide.

Volcker Rule

An analysis is conducted to determine whether certain Clients are subject to Section 13 of the Bank Holding Company Act of 1956, as amended (together with the regulations promulgated thereunder, the “Volcker Rule”). The Volcker Rule generally prohibits banking entities from acquiring or retaining an ownership interest in, or sponsoring, certain types of funds (each, a “covered fund”), including certain commodity pools and funds that would be treated as investment companies but for the exemptions set forth in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. If a Client is unable to rely on one or more other exemptions from registration under the Investment Company Act and consequently relies solely on the exemption provided in Section 3(c)(1) or in Section 3(c)(7) of the Investment Company Act, then such Client will be a “covered fund” under the Volcker Rule unless an applicable exception applies. Compliance with the Volcker Rule imposes certain restrictions on the activities of Clients that are “covered funds” and could adversely affect their business and operations. For example, the funded and unfunded commitment to a Client might need to be reduced by an Investor, which could require a transfer of a significant portion of their direct or indirect interests in such Client. In addition, such restrictions will apply if such Client is deemed to be a “commodity pool” as defined in the regulations implementing the Volcker Rule. To avoid having any Client be treated as a commodity pool and therefore a covered fund, it could become necessary for the Firm restrict the use by the Client of swaps and caps, including for the purpose of hedging interest rate exposure on variable rate financings, as discussed below.

CFTC Considerations

Some Clients use swaps, caps, or futures in connection with their operations, including for the purpose of hedging interest rate exposure on variable rate financings and to hedge foreign currency exposure. To the extent a Client utilizes any such instruments, which could be treated as commodity interests, the Client could become a commodity pool within the meaning of the Commodity Exchange Act (“CEA”) or the regulations promulgated by the Commodity Futures Trading Commission (“CFTC”), and the Firm or an Affiliate could become a commodity pool operator (a “CPO”) within the meaning of the CEA or CFTC regulation. The Firm claims an exemption from the registration requirements applicable to CPOs under CFTC Rule 4.13(a)(3), as applicable. A Client may be restricted in its use of swaps, including for the purpose of hedging interest rate exposure on variable rate financings. If the Firm or an Affiliate becomes a CPO within the meaning of the CEA or CFTC regulations and fail to comply with the requirements of the exemption provisions of CFTC Rule 4.13(a)(3), the Client would become a “covered fund” for purposes of the Volcker Rule, in which event it would be required to comply with the restrictions of the Volcker Rule applicable to covered funds.

OFAC and FCPA Consideration

Economic sanction laws in the U.S. and other jurisdictions could prohibit the Firm, our employees, and Clients from transacting with or in certain countries and with certain individuals and companies. In the U.S., the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list is amended from time to time, can be found on the OFAC website at (www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions could restrict a Client’s investment activities.

In some countries, there is a greater acceptance than in the U.S. of government involvement in commercial activities, and of corruption. The Firm is committed to complying with the FCPA and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which it or its Clients are subject. As a result, a Client could be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations could make it difficult in certain circumstances for the Client to act successfully on investment opportunities and for portfolio entities to obtain or retain business. While the Firm has developed and implemented policies and procedures designed to promote strict compliance with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of the Firm’s policies and procedures, in the case of Joint Ventures or other instances where the Firm or its Affiliate does not fully control a Client or its Investments, such other entities or persons could engage in activities that could result in FCPA violations.

Public Health Emergencies and Social Unrest Risk

Epidemics

Occurrences of epidemics, depending on their scale, can cause different degrees of damage to national and local economies that could affect the value of real estate investments. Economic conditions may be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption can adversely affect real estate valuations, investments, and account performance.

As of the date of this Brochure, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic. The outbreak of COVID-19 has resulted in widespread deaths, adversely impacted global commercial activity and contributed to significant volatility in certain investment markets. Many countries have implemented quarantines, prohibitions on travel and required the closure of offices, businesses, schools, retail stores, and other public venues. Businesses have implemented similar precautionary measures. Such measures have created significant disruption in supply chains and economic activity and have had a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. It is uncertain how long this volatility will continue. There can be no assurance that any vaccines or treatments currently available will be effective against treating new variants of COVID-19 or will be sufficient to protect against the ongoing effect of the pandemic.

Other Public Health Emergencies

Any public health emergency, including any outbreak or the threat of outbreak of coronaviruses, SARS, H1N1/09 flu, avian flu, other coronaviruses, Ebola or other existing or new epidemic diseases, could have a significant adverse impact on a Client's Investments. The extent of the impact of any public health emergency on the operational and financial performance of a Client and its Investments will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency can materially and adversely impact the value and performance of an account's investments as well as the ability to source, manage and divest investments and achieve the account's investment objectives, all of which could result in significant losses to the client.

Social Unrest

Recent events concerning discrimination, race relations and inequality have led to protests, demonstrations, marches and other forms of political and social activism on the local, regional, national and international level as well as rioting in some instances. Such activism, which has ranged from peaceful to, in some instances, violent, has resulted in curfews, the deployment of the National Guard, damage to government property and other local and national interference, and could lead to increased political and social volatility and uncertainty, which was already heightened during the onset of the COVID-19 pandemic. While the overall effect of such activism and unrest remains

unknown, Investors should note that this type of volatility and uncertainty could materially and adversely impact our Clients' Investments and the real estate space more generally.

Item 9 – DISCIPLINARY INFORMATION

The Firm does not have any legal or other disciplinary events to report that are material to a current or prospective Client or Investor's evaluation of our advisory business or the integrity of our management.

Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a wholly-owned subsidiary of USAA Real Estate, we are affiliated with various real estate and financial services firms including other investment advisers. The Firm is also indirectly owned by entities and individuals that individually or jointly have ownership in other real estate and financial services firms and holding companies, including companies that provide services to, or co-invest with, the Firm or its Clients (such entities, along with Holdco, its subsidiaries and their employees, are referred to as "Related Entities"). Certain Holdco directors are also board members, partners, members, shareholders, officers, directors and/or employees of some of these Related Entities. See Item 11 below for a discussion of potential conflicts of interests related to these relationships and how they are managed.

U.S. Investment Adviser Affiliates

[Square Mile Capital Management LLC](#), a wholly owned subsidiary of USAA Real Estate, is registered with the SEC as an investment adviser. Square Mile and its affiliates provide commercial real estate advisory services focused on debt and equity investments, including first mortgages, mezzanine loans, preferred equity, and joint venture equity. O'Donnell, USAA Real Estate's CEO, is a member of Square Mile's Board of Directors. Solomon is a member of the Firm's Real Estate Investment Committee. Certain personnel of USAA Real Estate have been seconded to Square Mile to provide operational support and other similar services. The salaries, benefits, overhead and other similar expenses for such personnel during the secondment are to be paid by USAA Real Estate, the Firm, or Square Mile. Also, certain Square Mile employees have invested in Clients established USAA Real Estate for investment by its employees and the employees of its wholly-owned subsidiaries.

[IDR Investment Management, LLC \("IDR"\)](#), a majority owned subsidiary of USAA Real Estate, is registered with the SEC as an investment adviser. IDR provides commercial real estate advisory services to private pooled investment vehicles and other accounts, including a privately-offered registered closed-end investment company.

Certain of USAA Real Estate's employees provide fundraising and investment relations services for Square Mile and IDR. Our employees who provide fundraising assistance are compensated by USAA Real Estate through a salary and bonus and do not receive any commission-based compensation for their services. Neither Related Entities nor Affiliates receive any placement agency fees in connection with the introduction of a potential investor to other Related Entities or Affiliates.

Broker-Dealer Affiliation

Certain employees of the Firm are currently registered representatives of an unaffiliated broker-dealer.

Other U.S. Related Entities

Bridger Holdings is a private holding company primarily focused on real estate and other asset management and related activities through its operating businesses and is managed by Davidson and Wolff. Bridger Holdings directly or indirectly holds a minority interest in Holdco as well as an interest in Crimson (see below) and is a Co-Investor in various Investments. Bridger's operating businesses include Avenue5 Partners LLC, a multifamily property management firm; Park Madison Partners LLC, a capital markets firm and placement agent registered with FINRA; and The Wolff Company, LLC, a real estate investment firm of which Wolff is the Executive Chairman that is focused on the multifamily sector. Bridger's subsidiaries provide, and in the future are expected to provide, real estate related services to Clients and the underlying Investments. In certain arrangements, Bridger or its subsidiaries are members or partners in Joint Venture Partnerships and on occasion receive a promote in exchange for services in addition to a fee.

Crimson Interests, LLC ("Crimson"), is a real estate services firm. USAA Real Estate and Bridger Holdings collectively own, directly or indirectly, a majority interest in Crimson. Crimson provides project development, property management, asset management, and other real estate related services primarily through its subsidiaries, including Patrinely Group, LLC; Crimson Services, LLC; and Crimson Investment Management, LLC. Crimson and/or its subsidiaries provide real estate related services to the Firm and the underlying Investments, and in certain arrangements, are members or partners in Joint Venture Partnerships and on occasion receive a promote in exchange for services in addition to a fee.

Kandle Management Company, LLC ("Kandle"), is a real estate investment firm that makes direct and indirect investments in real estate and real estate related assets. Kandle is indirectly controlled by Davidson and Wolff. Kandle I, LP is a pooled investment vehicle sponsored by Kandle which is an indirect Investor and Co-Investor in certain Client Investments. One or more Clients have invested in Kandle I, LP and or invest in real estate investments sponsored directly or indirectly by Kandle I, LP. O'Donnell is a member of Kandle I, LP's investment committee.

Quorum Real Estate Services LLC ("Quorum"), is owned by USAA Real Estate and is licensed with the Texas Real Estate Commission and the Illinois Real Estate Commission. Quorum handles property accounting for certain Investments and receives a portion of the property management fee for its services.

USAA, a San-Antonio based Fortune 500 diversified financial services group of companies, owns a minority interest in Holdco. The Firm manages USAA's portfolio of real estate investments across the U.S., Mexico, and Europe.

Non-U.S. Affiliate and Related Entities

USAA Realco-Europe, B.V. ("USAA Realco-Europe"), a wholly owned subsidiary of USAA Real Estate, is a Netherlands based entity that provides capital raising activities for the Firm as well as client service and relationship oversight. The Amsterdam-based operation is also engaged in developing, acquiring and managing institutional-quality real estate investments for Clients. USAA Realco-Europe provides these services as a "Participating Affiliate", in accordance with a series of SEC no-action relief letters

that mandates Participating Affiliates remain subject to the regulatory supervision of the US registered entity relying on its services and the SEC.

USAA Realco-Europe Holdco, B.V. (“Realco-Europe Holdco”), a Netherlands based entity, is majority indirectly owned by USAA Real Estate related entities, and controlled and minority owned by the indirect owners of Equity Advisors. Realco-Europe Holdco is the majority owner of an entity that owns a portfolio of real estate assets in Europe.

Commodity and Derivatives Trading Activities

Equity Advisors claims an exemption from the registration requirements applicable to CPOs under CFTC Rule 4.13(a)(3) with respect to certain Clients (see discussion in Item 8 above). In addition, we rely on an exemption for relief from the CEA and CFTC regulations from certain reporting and recordkeeping requirements applicable to commodity trading advisors.

Other Relationships

The Firm uses third-party consultants to consult on hedging strategies, coordinate execution of its hedging positions, and to assist in the coordination of pre- and post-trade hedging documentation.

Equity Advisors and its Affiliates or service providers periodically sponsor incentive programs for unaffiliated third parties, primarily for real estate brokers and leasing agents. These programs are designed to incentivize the brokers and/or leasing agents to generate interest in obtaining tenants to occupy vacant space in Investment properties owned by the Clients. The incentive programs are designed to benefit the Clients by securing leases as quickly as possible to generate revenue at the properties owned by the Clients. The incentive programs often include items such as meals, gifts, gift cards, vacation accommodations, and other items. The incentive programs can be paid for, in whole or in part, as part of the marketing budget for each Investment property. Since these expenses are sometimes paid by the Investment property per the particular Client’s Governing Documents, the Client can indirectly bear the cost of these programs.

From time to time, we receive training, information, promotional material, meals, gifts, entertainment or other perquisites from vendors and others with which we do business or makes referrals. At no time will we accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual Client transactions to a specific Investment, product or provider. Similarly, our employees have in the past, and expect in the future to speak at or attend, conferences and programs for potential investors interested in investing in real estate products and other real estate and other industry events that are sponsored by various industry participants. Through such capital introduction and other industry events, prospective investors have the opportunity to learn about and/or meet with us. The Firm pays registration, sponsorship, membership or other similar fees to attend such events; it does not compensate any company for investments ultimately made by prospective Investors attending such events.

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

Code of Ethics and Employee Personal Trading

USAA Real Estate and its Affiliates, including Equity Advisors, have adopted a Code of Conduct and Ethics (the “Code”) that is designed to reinforce our institutional integrity; to summarize our values, ethical standard and commitment to address potential conflicts of interest that arise from our activities and personal trading; and to maintain compliance with the federal securities laws. The Code requires all employees to place Client interests ahead of our interests or their personal interests, and to avoid taking advantage of his or her position.

The Codes also includes, among other items, the following:

- Pre-clearance and reporting of employee personal securities transactions;
- Pre-clearance of outside business activities;
- Preclearance and restrictions on employee political contributions;
- Requirements related to confidentiality; and
- Limitations on, and reporting of, gifts and entertainment.

Covered Persons, as that term is defined in our Code, are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that personal securities transactions require pre-clearance or be exempt from the pre-clearance requirements. We require all Covered Persons to provide information on trade activity in reportable personal accounts, and to also provide quarterly transaction reports and annual securities holdings reports to the Chief Compliance Officer. All Covered Persons must acknowledge the Code’s terms and certify their compliance with the Code at least annually and, as a condition of employment, all employees certify to their obligations to understand and adhere to the Code.

Employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding securities or communicating material nonpublic information about such securities to others. The Firm maintains a restricted list of issuers about which it has or may have material nonpublic information.

The Code is available to any existing or prospective Investor upon request by contacting USAA Real Estate’s Chief Compliance Officer at (800) 531-8182 or compliance@usrealco.com.

Managing Conflicts of Interest

We act in a variety of capacities on behalf of our Clients, utilize various Related Entities to provide services to the Firm and Clients, and Related Parties have interests in the Firm, its affiliates and various other Related Entities. We seek to continuously monitor resulting actual and potential conflicts of interest that arise from these services and roles. Not all potential, apparent and actual conflicts of interest, however, are described in this section, and additional conflicts could arise as a result of new activities, transactions or relationships. A description of applicable conflicts of interest specific to a Client is included in that Client’s Governing Documents, which Investors are encouraged to consult.

A conflict of interest arises when the Firm, its Related Parties and/or Related Entities have an incentive to service one interest at the expense of another, which might mean serving the interest of the Firm, Related Party or Related Entity over that of our Clients and/or Investors, serving the interest of one Client or Investor over that of another, or an employee or group of employees serving their own interests over those of the Firm or its Clients or Investors. We have discussed various potential conflicts of interest and how we manage them in other sections of this Brochure. The following describes other conflicts and how they are managed.

Allocation of Personnel

The Firm and our employees devote such time to a Client as we determine to be necessary. The Firm's personnel, including members of the Investment Committees, work on other projects and initiatives, serve on other committees, source potential Investments for, and otherwise assist in the investment programs for other funds and clients, including for our Affiliates and Related Parties. Time spent on these other initiatives diverts attention from the activities of Clients, which could negatively impact Clients and their Investors. USAA Real Estate derives financial benefit from these activities, including fees and performance-based compensation. These and other factors create conflicts of interest in the allocation of time by our employees.

Outside Activities of Principals and Employees

Certain of our officers and employees engage in outside business activities, including outside directorships. Such outside business activities could impact the relevant individual's impartiality in performing their duties on behalf of the Firm. We could also be restricted from acquiring or disposing of Investments on behalf of a Client if an officer or employees obtains material, non-public information as a result of an outside business activity. To manage these potential conflicts, all outside business activities are subject to prior approval pursuant to the Code, and we have conditions that may be imposed, such as a requirement for the individual to recuse themselves from participating in making certain decisions, as a condition of the outside business activity being approved.

Our employees are permitted in certain situations to invest in alternative investment funds, private equity funds, real estate funds and other investment vehicles, as well as securities of other companies, some of which could be considered competitors of the Firm, its Clients, and/or USAA Real Estate. Clients will not receive any benefit from such investments, and the financial incentives of these personal investments could be equal to or greater than the employees' financial incentives in relation to a Client. Personal securities transactions are subject to pre-clearance under the Code and potential conflicts are considered in determining whether to approve the private transaction.

Certain of our employees have family members or relatives that are actively involved in industries and sectors in which Clients invest, or have business, personal, financial or other relationships with companies in such industries and sectors (including advisers and service providers to the Firm and its Clients). This gives rise to potential or actual conflicts of interest. For example, such family members or relatives can be officers, directors, personnel or owners of companies or assets which are actual or potential Investments of Clients or other counterparties of Clients. In certain instances, a Client will purchase or sell assets from or to entities in which those family members or relatives have other

involvement. In most circumstances, a Client's Governing Documents will not preclude a Client from undertaking any of these investments or transactions.

Affiliated Clients and Investors

We have an incentive to provide preferential treatment to an affiliated Client or Investor as compared to an unaffiliated Client or Investor. In addition, an affiliated Client or Investor might have access to information or reports that are not available to unaffiliated Investors. We strive to ensure that any such treatment, financial arrangements and information rights, and the manner in which we manage our relationship with affiliated Clients and Investors, are consistent with our ability to act in the best interest of all our Clients.

Development Activities of the Firm and Its Related Entities

The Firm and/or its Related Entities, including USAA, will continue to own and develop property it currently owns. Notwithstanding that any such property may be located in one or more of the target markets of a Client, not all Clients will be offered the opportunity to participate in the direct or indirect ownership of such property and the development of some properties can compete directly or indirectly with an Investment acquired by a Client or be in an identified target market of a Client. Moreover, the Firm, its Affiliates and Related Entities will continue to enter into build-to-suit transactions for or with third parties including build-to-suit projects which may be located in the target market of a Client. In connection with these development activities, conflicts of interest can arise related to the allocation of Investment opportunities between the Firm and/or its Related Entities and a Client.

Existing Relationships

We have long-term relationships with a significant number of tenants, developers, institutions and other companies, some of which are Related Entities, and we are more likely to use a service provider with which we have a long-standing relationship. In determining whether to develop or invest in a particular property on behalf of a Client, we consider those relationships. In addition, the existence and development of such relationships will often be taken into account in the management of a Client and its Investments.

Buying and Selling Investments from Certain Related Entities

Clients, Investors, and Related Entities on occasion engage in transactions with one another. For example, from time to time, a Client will purchase, transfer, or sell an Investment to another Client or to a Related Entity; an Investor will purchase, sell or transfer an Investment to a Client, or a seed portfolio ("Seed Portfolio") will be temporarily warehoused by a Client or Related Entity and subsequently transferred to a Fund or other Client (each, a "Related Entity Transaction" and collectively, "Related Entity Transactions"). These Related Entity Transactions involve conflicts of interest, as there are different financial incentives, and we will receive fees and other benefits, directly or indirectly, from or otherwise have interests in both parties to the transaction.

A Related Entity Transaction is done only if: (i) we determine the transaction to be in the best interest of participating Clients; (ii) the Related Entity Transaction is permitted by the relevant Governing

Documents; (iii) proper disclosure is given to all parties; (iv) consent is obtained from the appropriate parties as required under the relevant Governing Documents and applicable law; and (v) the price paid is fair and reasonable. While the price paid is based on a fair and reasonable price, there can be no assurance that any Investment sold in a Related Entity Transaction will be valued or allocated a sale price that is the similar to the price if such Investment was sold to a third party and we are not required to solicit third-party bids prior to entering into a Related Entity Transaction. The Real Estate Investment Committee approval is required for any Related Entity Transaction.

With respect to Seed Portfolio Investments, a fair and reasonable price is often determined to be a price equal to cost, plus a “cost of carry”. We manage potential conflicts in determining the price of a Seed Portfolio by ensuring that there is appropriate disclosure to affected Clients and Investors.

Transactions with Affiliates and Related Entities

The Firm and/or Clients from time to time engage in transactions with Affiliates and Related Entities by performing services to or receiving services from such Affiliates or Related Entities or by investing in entities in which such Affiliates or Related Entities hold interests. Such services or investment transactions will generally be made on terms (including the consideration to be paid) that are determined by the Firm to be fair and reasonable.

Related Party/Entity Participation or Interest in Client Transactions

Certain Related Entities have business, personal, financial and other relationships with individuals or entities in real estate related industries and sectors, which provide services to the Firm, Clients, Investments or Investors, and give rise to potential or actual conflicts of interest. For example, certain officers, directors or employees of a Related Entity or Related Party are also direct or indirect owners; or an officer, director, or employee of a company that is a direct or indirect owner; of an actual or potential Investment of a Client. Moreover, from time to time, a Client will purchase or sell assets from or to, or otherwise transact with Related Entities. To the extent the Firm determines appropriate for the particular transaction, conflict mitigation strategies are put in place, including internal information barriers or recusal, disclosure or other appropriate steps.

Investor Transfer of Interest

In certain cases, we will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of an Investor’s interest in a Client. In the case of ordinary transfers, we will not receive compensation for identifying such transferees and will use our discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Governing Documents, will determine in our sole discretion whether the opportunity to receive a transfer of an Investor’s interest in a Client should be offered to one or more existing Client Investors. The Firm or a Related Party could purchase a portion of a Client Investor’s interest.

Conflicts Related to Investing Alongside Affiliates and Related Entities

A Client can make an Investment in a Joint Venture Partnership alongside an Affiliate, Related Party or Related Entity. Differences between such Affiliate, Related Party or Related Entity’s Investment in

the Joint Venture Partnership, including, but not limited to, the Investments' terms and right to performance-based fees and/or allocations, could result in the Affiliate, or Related Party, or Related Entity's interests diverging from the Client's interest. For example, some Clients enter into a Joint Venture Partnership with a vehicle that pays a management fee and/or performance-based fee to the Firm, or the Joint Venture Partnership itself can pay a performance-based fee to the Firm. In either case, the payment of any such fees will not offset the Client's management fee to the Firm. Our entitlement to such performance-based allocations and fees from the Joint Venture Partnership has the potential to influence us to make more speculative investments on behalf of the Joint Venture Partnership and/or use more leverage than we would otherwise make in the absence of such performance-based compensation. This results in potential conflicts of interest for us and our investment professionals.

Co-Investment

Some Clients co-invest with Investors, other Clients and other parties the Firm has a material or strategic relationship with, including Related Entities. In addition, some Investors are permitted to co-invest alongside a Client. The allocation of co-investment opportunities is entirely and solely in the discretion of the Firm, and some Investors who have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or will, in certain circumstances, receive a smaller amount of co-investment opportunities than the amount requested. Co-investments offered by the Firm will be on such terms and conditions (including management fees, performance-based compensation and related arrangements and/or other fees applicable to Co-Investors) as the Firm determines to be appropriate in its sole discretion on a case-by-case basis, which can be expected to differ amongst Co-Investors with respect to the same co-investment. In addition, the investment performance of Co-Investors investing with a Client is not considered for purposes of calculating the performance-based compensation payable by a Client to the Firm.

A Client and Co-Investors will often have different investment objectives and limitations, such as return objectives, leverage limitations and maximum hold periods. As a result, the Firm will have conflicting incentives in making decisions with respect to such opportunities. Even if a Client and any such parties invest in the same securities on similar terms, conflicts of interest will still arise as a result of differing investment profiles of the Investors, among other items.

The Firm takes into account various facts and circumstances deemed relevant in allocating co-investment opportunities, including, among others:

- Whether a potential Co-Investor has expressed an interest in evaluating co-investment opportunities;
- Whether a Client's investment objectives would be well-served by allocating less of an Investment to that Client by bringing in a Co-Investor to participate in the Investment;
- The Firm's assessment of a potential Co-Investor's ability to invest an amount of capital that fits the needs of the Investment (taking into account the amount of capital needed as well as the maximum number of Investors that can realistically participate in the transaction) and the Firm's assessment of a potential Co-Investor's ability to commit to a co-investment opportunity within the required timeframe of the particular transaction;
- The size of a potential Co-Investor's commitments to Clients;

- Any expertise or experience of the Co-Investor that is relevant to or otherwise of strategic value to the Firm, Clients, or the particular Investment;
- Whether a potential Co-Investor has a history of participating in co-investment opportunities with the Firm, including as an Investor in prior co-investment deals, as well as the Co-Investor's general reputation and experience as a Co-Investor;
- Whether a potential Co-Investor has committed capital to a Client and the timing of such commitment;
- Whether the potential Co-Investor has demonstrated a long-term or continuing commitment to the potential success of the Firm or its Clients, including whether a potential Co-Investor will help establish, recognize, strengthen or cultivate relationships that may provide indirectly longer-term benefits to Clients,
- Whether the Co-Investor has significant capital under management by the Firm or intends to increase such amount;
- Whether the potential Co-Investor has an overall strategic relationship with the Firm that provides it with more favorable rights with respect to co-investment opportunities;
- Whether a potential Co-Investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity;
- The extent to which a potential Co-Investor has been provided a greater amount of co-investment opportunities relative to others; and
- Such other factors that the Firm will in good faith deem relevant and appropriate to consider in the circumstances.

Allocation of Investment Opportunities

We invest capital on behalf of Clients in a wide variety of Investment opportunities. Equity Advisors has conflicting loyalties in determining whether an Investment opportunity should be allocated to one or more Clients. As a result, we have adopted the Rotation Policy discussed above in Item 6, and decisions under the Rotation Policy are documented at the time they are made. The application of the guidelines and procedures in the Rotation Policy may result in a Client not participating or not participating to the same extent, in Investment opportunities it would have otherwise participated had the related allocation been determined without regard to the Rotation Policy. In the case of Non-Strategic Investments and Non-Conducive Investments, additional potential conflicts of interest may arise. The Non-Strategic Investment or Non-Conducive Investment may produce high returns, or the Non-Strategic Investment or Non-Conducive Investment may evolve in such a way that the Investment might have been attractive to Clients had those circumstances been anticipated or known at the time of rotation consideration.

Employee Investors

Certain of our employees or Related Parties have invested in certain Clients or Client Investments, including as part of our commitment to such Client. Subject to applicable law, the terms of an Investment by an employee differ from, and are more favorable than, those of an Investment by an external Investor. For example, employee Investors generally will not be subject to a management fee and/or carried interest with respect to their Investment, can receive information regarding Investments at different times than other Investors and can benefit from different credit facility arrangements than a Client.

These Investments also pose a risk that employees with influence over Investment decisions will favor the Clients in which they, other employees or Related Parties have an interest. We believe that the Code, the Rotation Policy and other policies and procedures help manage these risks. We also believe that employee Investments in Clients align the interests of our Firm and employees with those of Clients and Investors.

Conflicting Fiduciary Duties to Other Clients

Clients have the ability to invest in an Investment for which another Client already has or is acquiring an interest and such Clients could acquire such interests at different points in time. Additionally, the Firm or a Related Party will occasionally structure an investment as a result of which one or more vehicles primarily investing in debt instruments are offered the opportunity to participate in the debt tranche of an Investment allocated to Clients. As an investment adviser, the Firm owes a fiduciary duty to all its Clients. The Firm will face a conflict of interest in the event that (i) a Client acquires an equity interest in a portfolio investment in which another Client holds or is acquiring an interest in (ii) or a Client purchases debt instruments of a portfolio investment that another Client holds or is acquiring equity in, or vice versa. In such instances, the Firm will face a conflict of interest in respect of decisions made with regard to all such Clients holding potentially competing interests (e.g., with respect to the terms of such debt instruments, the enforcement of covenants or the terms of recapitalizations).

Valuation Matters

Some of our fees are at times based on the value of assets under management or net asset value, which include illiquid and difficult to value Investments. We seek to address the resulting conflict of interest that we might have in valuing Client assets by seeking to ensure that our valuation policies and procedures enable us to value all Investments (including any asset received in exchange for any Investments or interests in a Client, as applicable) fairly, in a manner that is consistent with the best interests of our Clients, and in accordance with the Governing Documents of a Client.

Investments are also periodically valued by an independent third party, consistent with the Governing Documents of each Client. Typically, Investments are appraised at least annually and, sometimes, quarterly, subject to certain exceptions. Consistent with each Client's Governing Documents, we might not be required to source third-party valuations for certain small land parcels, for Investments for which we have a reasonable valuation opinion from a pending sale process, or for Investments undergoing development or redevelopment until the earlier of their stabilization for a period of years from initial Investment closing. There is no guarantee that the carrying value of an Investment will reflect the price at which the Investment is ultimately sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation methodologies used to value any Investment involves subjective judgments and projections and may not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. Ultimate realization of the value of an Investment depends to a great extent on economic, market and other conditions beyond the Firm's control. Generally, there will be no retroactive adjustment in the valuation of any Investment, the offering price at which interests in a Client were purchased by Investors or repurchased by a Client, as applicable, or the fees

and/or performance-based compensation paid to the Firm to the extent any valuation proves to not accurately reflect the realizable value of an Investment.

In addition, the Firm regularly reports to Investors, prospective investors and the investor community more generally, metrics of each Client's performance, such as time weighted returns, IRR's and multiples-of-money, whose calculation depends on the value of the Clients' Investments, including unrealized Investments. These reports are an indication of the overall performance of a Client and are important to the Firm's efforts to attract new investors to the Firm. An objective of our valuation methodologies and procedures is to eliminate any influence these incentives have on fair value determinations.

Reimbursements for Real Estate Services

For some Clients, Equity Advisors is entitled to reimbursement for Investment-related acquisition, disposition, financing, breakup, development or construction management, capital placement, investment brokerage fees, and loan origination or servicing fees, which we endeavor, in our sole discretion, to provide at competitive market rates. We make determinations of market rates based on its consideration of a number of factors, which are generally expected to include our experience with affiliated and non-affiliated service providers as well as benchmarking data and other methodologies determined by us to be appropriate under the circumstances. While we aim to obtain benchmarking data regarding the rates charged or quoted by third parties for similar services, relevant comparisons are not always available for a number of reasons, including, without limitation, where services provided are unique such that there is a smaller pool from which to select either comparable transactions or qualified partners, for services which require an extensive amount of time or present other novel issues or otherwise present justification for an adjustment of the quoted rate. Therefore, such market comparisons do not always result in precise market prices for comparable services.

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

The Governing Documents of each Client and related documents are detailed agreements that establish complex arrangements among Equity Advisors, its Affiliates, Investors, Clients, Related Entities and individuals. Questions arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated or could have been articulated more precisely at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While the Firm will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations Equity Advisors adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Clients or their Investors.

Pursuit and Investigation Costs for Investments

There are circumstances when we consider an Investment on behalf of a Client and determine not to make such Investment; however, we or an Affiliate or Related Party could eventually cause another Client to make such Investment. In these circumstances, it is possible that the Firm or other Client

will benefit from knowledge gained through pursuit and investigation undertaken by the original investment team and/or from costs borne by a Client in pursuing the potential Investment, but such other Client will not be required to reimburse the Client for expenses incurred in connection with the pursuit and investigation.

Subscription Credit Facility

Some Clients utilize a subscription credit facility, the use of which can involve potential conflicts of interest. Subject to the limitations in the Governing Documents, the use of a subscription credit facility by a Client is within the Firm's discretion. A Client might seek to utilize a subscription credit facility for the purpose of, among other things, financing any Investment related activities of a Client covering expenses, management fees and any other costs of a Client, making distributions to Investors, providing permanent financing or refinancing or providing interim financing to consummate the purchase of Investments. The amount of credit available to a Client under a subscription credit facility is determined by the credit quality of the Investors as determined by the lender. For this reason, Investors with a higher credit quality, as determined by the lender, generate more credit for a Client than Investors with a lower credit quality, which results in an indirect benefit conferred by the higher credit quality Investors to the others.

Calculations of net and gross IRRs of Investments and performance data as reported to Investors, are based on the payment date of capital contributions from Investors. This treatment also applies in instances where a Client utilizes borrowings under a subscription credit facility in lieu of, or in advance of receiving capital contributions from Investors to repay any such borrowings. As a result, use of a subscription credit facility (or other long-term leverage) will impact calculations of returns and will result in a higher or lower reported IRR than if the amounts borrowed had instead been funded through capital contributions made by the Investors to a Client. If the use increases the IRR, as it normally does, we will have various incentives to use the subscription credit facility. For example, in the event the interest rate on borrowings is lower than the hurdle rate, use of leverage arrangements can be expected to accelerate or increase distributions of performance-based compensation to the Firm or an Affiliate, providing an economic incentive to fund Investments through long-term borrowings in lieu of capital contributions.

Group Purchasing Programs

We have instituted a program under which Client Investments are given the option to participate in joint purchasing, vendor or similar arrangements. Program participants, including us, our Affiliates and Related Entities, expect to receive discounts negotiated with various vendors and service providers on a groupwide basis. Participants voluntarily participate in the program and receive similar benefits and discounts as the participating Investments. The amount of such discounts will not result in additional offsets to the management fee. We believe the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to Client Investments that result if the negotiated discount rates for goods and services are discounted relative to those widely available in the market.

We have also instituted a program under which Client Investments and the Firm and its Affiliates participate in a joint purchasing arrangement with a risk management advisor or an insurance company which can result in discounts on risk management services and insurance policies for all

participants. The Firm believes the potential for conflicts relating to such arrangements, including the Firm and its Affiliates' participation in such program, is mitigated by the anticipated cost savings to Client Investments. The amount of such discounts received by the Firm and its Affiliates will not result in additional offsets to the management fee.

Item 12 – BROKERAGE PRACTICES

The Firm focuses on making investments in real estate-related assets and purchases and sells the assets through privately-negotiated transactions. It does not ordinarily deal with any financial intermediary such as a securities related broker-dealers, and commissions are not ordinarily payable to financial intermediaries in connection with such Investments. In such privately-negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the Client.

On occasion, we invest Client funds in public securities and debt instruments, including for funds held but not yet invested in real estate, funds generated from the management of properties, or the sales proceeds of real estate Investments. Such funds are invested primarily in Treasury money market funds and U.S. Government obligations, repurchase agreements and other instruments guaranteed by the U. S. or U.S. agencies. These investments are strictly incidental to the Firm's real estate activities. To the limited extent the Firm transacts in public securities, it intends to select broker-dealer's based upon their ability to provide best execution for the applicable Client taking into consideration a variety of factors, including the Firm's prior experience with the broker-dealer; the broker-dealer's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer's responsiveness to the Firm; the broker-dealer's expertise in dealing with investments that are restrictive or illiquid in nature; and commission rates, among other factors the Firm deems relevant to the specific transaction. The Firm does not select broker-dealers based on Investor referrals.

The Firm, on behalf of its Clients or other Affiliates, retains the services of real estate or mortgage brokers for the purchase, sale or financing of portfolio Investments. Typically, such brokers are licensed under various state laws applicable to real estate and/or mortgage brokers.

Item 13 – REVIEW OF ACCOUNTS

Each Client has specific investment criteria and limitations set forth in its Governing Documents. As discussed above in Item 8, before Equity Advisors makes an Investment on behalf of a Client, members of the applicable Investment Committee evaluate whether the investment will satisfy the particular investment criteria and limitations applicable to that Client. In addition, in the case of Clients managed on a non-discretionary basis, generally Investor approval will be required before we can make or modify an Investment.

After an Investment is made, our asset management, finance and compliance personnel, together with the senior officers who are responsible for that Investment, continuously monitor the Investment. See Item 8 above for a fuller description of the review process.

Investor Reports

Each Client and its Investors receive quarterly and annual reports summarizing the Investments, each as agreed to with such Client, and which generally include a capital balance, performance statistics, audited

and unaudited financial statements, among other reports. The Firm also has regular contact with Investors (e.g., personal visits, telephone, video conferences and email) throughout the year as requested and as conditions warrant.

In the course of conducting due diligence or otherwise, Investors periodically request information pertaining to Client investments. The Firm responds to these requests, and in answering such requests, provides information that is not generally made available to other Investors who have not requested such information. Additionally, as it pertains to existing Investors, upon request or pursuant to contractual obligations, certain Investors receive additional information and reporting that other Investors do not receive. The fact that the Firm provides such information upon request to one or more Investors does not obligate the Firm to affirmatively provide such information to all Investors. As a result, certain Investors will have more information than other Investors, and Equity Advisors has no duty to, and does not intend to, ensure all Investors seek, obtain or possess the same information regarding a Client and its Investments.

Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefit from Non-Clients for Advisory Services Rendered

As described in Item 5 above, the Firm or an Affiliate is entitled to receive fees for Affiliate Services and other fees, expenses and reimbursements from Clients, Affiliates, Related Entities and others. Such fees, expenses, reimbursements and any conflicts of interest associated with the receipt of such fees are also detailed in Item 5 and 11 above, and in each Client's Governing Documents.

Client Referrals

The Firm on occasion engages the services of placement agents for Client Investor referrals. Fees for placement agent services include a fixed fee and a scaled placement fee based on a percentage of capital commitments from Investors. Placement agent fees are payable by the Client and offset dollar-for-dollar against our management fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, will generally be borne by the relevant Client as part of its organizational expenses.

Item 15 – CUSTODY

The Firm is deemed to have custody of certain Client assets because its General Partners, managing members and other Affiliates are not operationally independent from Equity Advisors. For those Clients over which we have custody, Equity Advisors or these Affiliates generally have full discretion and control over Client Investments and cash, including the ability to deduct fees from Client accounts. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), the Firm has elected to undergo an annual GAAP financial statement audit by an auditing firm registered with and subject to inspection by the Public Company Accounting Oversight Board for each of the Clients over which it is deemed to have custody, copies of which are (or will be, for newly closed Clients) delivered to the Clients and their respective investors within 120 days of fiscal year end. In addition, upon the final liquidation of a Client which is subject to audit, the Firm will obtain a final audit and distribute audited financial statements prepared in

accordance with GAAP to the Client and its Investors promptly upon completion of the audit. Investors in the Clients should carefully review such financial statements.

For non-U.S. Clients, audits are performed in accordance with International Financial Reporting Standards (“IFRS”) or Luxembourg GAAP, in accordance with Client Governing Document requirements. Financial statements for Clients organized outside of the U.S. that have U.S. Investors are (i) prepared in accordance with IFRS, including an audited U.S. GAAP reconciliation footnote in relation to any material differences, (ii) audited in accordance with U.S. Generally Accepted Auditing Standards and (iii) distributed to the Client’s Investors within 120 days after the Client’s fiscal year-end.

Financial statements for Clients organized outside of the U.S. that do not have U.S. Investors are (i) prepared in accordance with IFRS or GAAP in the country in which the Client is organized, (ii) audited in accordance with U.S. Generally Accepted Auditing Standards and (iii) distributed to the Client’s Investors within 120 days after the Client’s fiscal year-end.

The Firm does not accept physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly sent or wired into the relevant Client’s qualified custodial account. Each Client and Separate Account uses a bank as a qualified custodian for investor cash accounts and, if necessary, a qualified custodian for certificated securities. The Firm and the Separate Account Clients receive monthly statements from the appropriate qualified custodial bank(s) for capital account balances and activity and quarterly statements from the appropriate qualified custodian(s) for security balance and activity, if any. The Separate Account Clients receiving custodial statements are encouraged to compare these statements with those received from the Firm, but to note that for some of the Separate Accounts, these custodial statements will only represent a portion of the investment in such Separate Account.

Item 16 – INVESTMENT DISCRETION

For discretionary Clients, the Firm receives and exercises complete discretionary authority to manage Investments as per the Governing Documents of each such Client. Some discretionary Clients have placed restrictions or limitations placed on our discretionary authority as described in such Client’s Governing Documents. Generally, the Firm’s only restrictions with respect to managing Client assets, such as (but not limited to) the type of Investments in which a Client invests, geographical limitations or considerations or otherwise will be contained in the relevant Client’s Governing Documents. However, an Investor can seek to impose limitations on the Firm’s authority through a side letter agreement and the Firm can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon the Firm’s authority with respect to an Investor’s investment must be presented to the Firm in writing and agreed to by all parties. Some Investors meeting certain commitment thresholds have negotiated to be provided with notification provisions regarding such side letter agreements but are not provided with consent rights over such agreements.

For Clients managed on a non-discretionary basis, the Firm does not have similar discretionary authority over such Client, and our authority to manage these accounts are negotiated and agreed to on a case-by-case basis with each Client.

Item 17 – VOTING CLIENT SECURITIES

Rule 206(4)-6 of the Advisers Act requires an investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that an adviser disclose to clients how they can obtain information on how the adviser voted their proxies.

The Clients invest in real estate and real estate related assets which do not issue proxies. Accordingly, Equity Advisors does not have an opportunity to vote proxies on behalf of its Clients and does not currently exercise voting authority on behalf of its Clients. In the event this were to change, we will implement policies and procedures to vote such proxies in accordance with its fiduciary duty and in the best interests of the Clients.

Item 18 – FINANCIAL INFORMATION

The Firm does not require or solicit prepayment of more than \$1,200 of management fees six months or more in advance; has no financial condition reasonably likely to impair its ability to meet contractual commitments to clients or investors; and has not been the subject of a bankruptcy proceeding.