

# DRA Advisors LLC

## Part 2A of Form ADV

### Firm Brochure

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Updated: March 2023

This brochure provides information about the qualifications and business practices of DRA Advisors LLC (the “Company”). If you have any questions about the contents of this brochure, please contact us at 212-697-4740. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply any level of skill or training.

Additional information about the Company is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This brochure, dated March 2023, has been prepared by the Company as an annual amendment to the prior version of its Brochure, dated March 2022. Since its last annual update, the Company created five new Fund GPs: Manageco Ranger II G LLC, Manageco Ranger II K LLC, Ranger II Industrial Asset Manager LLC, Manageco XI, LLC, and Manageco XI GP, LLC. These changes to the Company's business resulted in changes to the information disclosed in Item 10. Only material changes are discussed in this Item 2. The Company's business activities have not otherwise changed materially since the time of its last annual update, but this brochure has been updated to provide additional detail on certain aspects of the Company's personnel and related persons, as well as certain new and existing business activities of the Company and its clients (such clients, which include pooled investment vehicles, are sometimes referred to herein as "Funds"). Investors and prospective investors should review this entire Brochure carefully.

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## **Item 4 – Advisory Business**

In general, the Company engages in the business of providing investment advisory services relating to the acquisition, management and disposition of real estate and real estate related investments, which advisory services include: (i) rendering advice with respect to direct and indirect investments in real estate and real estate related assets; (ii) providing advice regarding the financing and structure of real estate investments; (iii) rendering advice regarding debt refinancing and/or restructuring in connection with real estate investments; (iv) providing investment management decisions with respect to the formation and management of real estate investment trusts; (v) advising clients regarding purchase and/or sale of mortgages, including ongoing evaluation of investments in and obligations relating to those mortgages; and (vi) providing cash management services with respect to clients' investments, including, but not limited to, investments in bank certificates of deposits, investment grade commercial paper, and U.S. Treasury securities. In addition, the Company, from time to time, participates in, either on a principal or agency basis, the formation and sale through private placements or public offerings of interests in limited partnerships or other entities formed for the primary purpose of acquiring real estate related investments. To the extent the Company acts as a principal in connection with such transactions, no interest in any such entity would be sold to a client without disclosing to such client in writing before the completion of any such transaction the capacity in which the Company is acting and obtaining the client's consent to such transaction.

The Company has full discretionary authority with respect to investment decisions, and its advice with respect to the Funds is tailored according to the investment objectives, guidelines, and requirements as set forth in each Fund's respective offering memoranda and advisory agreement. A mandate of each Fund is to invest primarily in real estate and real estate-related investments.

The Company has been in business since 1986 and has been registered with the SEC as an investment adviser since 1994. The Company is primarily owned by DRA Holdings LLC. DRA Advisors, Inc. owns approximately 66.4% of DRA Holdings, LLC. David Luski is a principal owner of DRA Advisors, Inc. As of December 31, 2022, the Company advised approximately \$16,253,259,315 in regulatory assets under management ("RAUM") on a discretionary basis for 22 private pooled investment vehicles.

## **Item 5 – Fees and Compensation**

The Company's fees are generally negotiable, taking into consideration the nature of the representation and anticipated investment advisory services for a client. In this regard, the Company typically charges an asset management fee at an annual rate ranging from 0.6 to 1.0% of the gross acquisition cost of the assets and securities under management, or 1.25% to 1.5% of committed capital during the acquisition period or actively managed capital after the expiration of the acquisition period. Clients co-investing with existing Funds, or investing on a separate account basis, generally are subject to alternative and/or reduced fee structures on a case-by-case basis. The asset management fee is computed and payable quarterly when due or in arrears, commencing with the calendar quarter in which the first investment is made by a client. Generally, all fees are deducted directly from client bank accounts.

The Company may charge a capital markets fee of up to 0.5% based on gross proceeds of the sale or financing of real estate assets, and has charged such fees in the past. Furthermore, the Company in some transactions is reimbursed for, among other things, organization and offering expenses incurred by it with respect to any pooled investment vehicles (including limited partnerships and/or limited liability companies) or other entities sponsored or advised by the Company. Transaction-based fees present a conflict of interest in that the Company has an incentive to purchase investments based on the transaction-based compensation received. The Company has adopted and implemented written compliance policies and procedures that are designed to address the above conflicts of interest.

As fully described in each Fund's offering documents, each Fund bears expenses related to its operations, including, without limitation, organizational costs, normal operating costs and administrative expenses, and investment-related expenses. Normal operating costs and administrative expenses may consist of, but may not be limited to, the following: expenses incurred in connection with obtaining and negotiating any credit facility, monitoring real estate investments and each Fund's normal record keeping and reporting, including, but not limited to, entity-level taxes, travel and other out of pocket expenses incurred by the officers and employees of the Company's affiliates in connection with the evaluation, negotiation, acquisition, operation, maintenance, improvement, leasing or sale of proposed or existing real estate investments, but shall specifically exclude internal expenses of each Fund GP (as defined below), including compensation, payroll taxes and related employee costs, rent and other overhead expenses of each Fund GP and its affiliates. Investment and other costs may include, but are not limited to, the following: all reasonable out of pocket and third party costs and expenses, including travel expenses, incurred in connection with seeking and negotiating real estate investments and in consummating real estate investments and custodial fees relating to the holding of real estate investments, the compensation (including performance-based incentive fees) of joint venture partners and/or third-party operating partners, appraisers' costs, the cost of a Fund's annual audit, and all extraordinary Fund expenses, including the costs of amendments, if any, to the offering and organizational documents of any Fund, all costs and expenses of the Members' Board, and including all costs and expenses, including attorneys' fees and litigation costs, incurred in investigating, defending and settling any claim, investigation, action or proceeding against or involving a Fund or incurred in the protection or assertion by a Fund of any of its rights.

In addition, the Company organizes special purpose vehicles on behalf of clients for the purpose of (a) making certain investments, including on a joint-venture basis and/or (b) incentivizing and compensating operating partners. Each special purpose vehicle may be directly or indirectly and wholly- or partially-owned by a client. Such special purpose vehicle may provide for a management fee, development fee, other fees and/or incentive compensation (including carried interest) paid to such operating partner or a related party of such operating partner, and such special purpose vehicles have provided for such fees and compensation in the past. Neither the Company nor its affiliates will participate directly or indirectly in any such fees or other consideration paid to operating partners or their related parties.

Certain investment-related and other costs and expenses incurred by the Company on behalf of more than one client are allocated by the Company among those clients according to methodologies that

the Company believes to be fair and reasonable. The allocation methodology applicable to a particular cost or expense may be based on a variety of factors, including the investment phase of each client, the gross or net assets under management of each client, the relative benefit to each client of the cost or expense in question, the category or weighting of a particular type of Real Estate Investment (e.g., office, residential, industrial) or other assets held by each client, the number of investor representatives attending a particular meeting, or a combination of the foregoing. Additional information on the Company's expense allocation policy is available to investors upon request.

If a client terminates the investment management agreement with the Company in the middle of a billing period the Company will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

The foregoing list and description are not exhaustive; Fund investors should review the applicable offering materials and organizational documents for a more extensive description of the fees and expenses associated with an investment in any client of the Company.

## **Item 6 – Performance Based Fees and Side-by-Side Management**

In some transactions the Company (or Related Persons described in response to the Other Financial Industry Activities and Affiliations section in this brochure) receives, if accrued, performance fees (or specially allocated distributions in respect of equity interests) equal to 12% - 20% of distributable proceeds in excess of the return to investors of their invested capital plus a nominal rate of return thereon of between 7% - 8% per annum. The performance fee may include 50% General Partner catch up fee over the nominal rate until the ratio of profit split is 20% to the Company. The fact that the Company is compensated with performance fees creates an incentive for the Company to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such compensation. Further, investment advisers have an inherent conflict of interest to favor clients or accounts that pay more in fees, such as performance fees. The Company has adopted and implemented written compliance policies and procedures that are designed to address the above conflicts of interest.

## **Item 7 – Types of Clients**

The Company primarily provides discretionary investment management services to the Funds, as described above.

The offering documents of each Fund sets forth the eligibility requirements and minimum subscription amounts for investors in such Fund. The Company usually requires a minimum of \$1,000,000 in assets to establish an account. However, at its discretion, the Company may waive, and has waived, the minimum amount of assets to establish an account. In some cases the required minimum has ranged from \$75,000 to \$250,000.

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

### Methods of Analysis & Investment Strategy

The Company has employed a value-added investment strategy over the past 33 years. The Company's investment philosophy is adaptive to changing market conditions. The Company typically targets investments that offer competitive income returns and the potential for capital appreciation. Preservation of capital, downside protection and stability of cash flows underlie the Company's investment approach.

The Company seeks to capitalize on inefficiencies in real estate markets to acquire operating assets at discounts to replacement cost. Such inefficiencies can result from (i) taking advantage of sellers' strategic or financial motivations, (ii) investing in markets or properties that are perceived as out of favor by other investors, (iii) leveraging the Company's industry relationships with both private and public joint venture partners to access deals, and (iv) utilizing the Company's financial experience and resources to exploit pricing inefficiencies in complex transactions.

The Company's dual expertise in both real estate operations and capital market dynamics are important in the execution of the ownership plan. Value-enhancement strategies to improve an investment's potential for capital appreciation may include (i) physical improvements to make properties more marketable and efficient, (ii) execution of leasing and operational plans to increase revenues and minimize expenses, (iii) focus on risk management and proactive asset management, (iv) utilization of prudent leverage to enhance returns and optimize capital structures, and (v) opportunistic sale of assets when market conditions are optimal.

### **Investment Strategy**

The Company will emphasize the following themes in an investment:

- *Capitalize on Seller Financial or Strategic Motivation.* The Company seeks opportunities in a transaction based on the particular needs of, and the constraints imposed upon, a particular seller. These needs and constraints include liquidity/capital due to pending loan maturities, reasonably compressed transaction timelines, the need to recapitalize an existing joint venture interest and certainty of execution. Additionally, the Company seeks to capitalize on portfolio opportunities originating from the strategic needs of public REITs, including asset divestiture or an outright corporate sale.
- *Emphasis on Out-of-Favor Markets.* The Company seeks to uncover assets that are inefficiently priced. The Company believes many quality assets in smaller markets are often overlooked. Examples of these markets include Minneapolis, Chicago, Pittsburgh, Charlotte and suburban rings of gateway markets.
- *Strategic Use of Joint Ventures.* Throughout its history, the Company has acquired most of its single-asset acquisitions through a joint venture with private operators. In a typical venture, an operating partner will invest 5-20% of the equity with the Company funding the remainder and retaining overall control of the venture.

- *Value Enhancement.* The Company seeks to identify opportunities to increase revenues through leasing and increasing rents while reducing expenses. Many owners lack either capital or management ability, creating an opportunity for operating improvements in the hands of a focused manager. The Company expects to acquire these assets at a favorable cost basis and establish a defined business plan for leasing, expense management, and targeted capital improvements to grow income.

### Risk of Loss

All investing involves a risk of loss that clients should be prepared to bear. The investment strategies offered by the Company could lose money over short or long periods of time. Identifying suitable assets for each client is difficult, and there are no assurances that the Company's investment strategies will succeed. The Company cannot give any guarantee that it will achieve Fund investment objectives or that any Fund will receive a return of its investment.

Investors should ultimately refer to their Fund's respective offering documents for detailed risk disclosures that specifically address risks of each Fund's investment strategies, methods of analysis, and/or particular types of securities recommended. Below is a summary of potentially material risks for each significant Company investment strategy used, the methods of analysis used, and/or the particular type of security recommended.

### **Risks Related to Investments Generally**

*Nature of Investments Generally.* A substantial portion of the Funds' investments will, by their nature, involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant gains, they also involve a high degree of risk that can result in substantial losses. There can be no assurance that the Company will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices and market movements of the Funds' investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic economic and political developments, may significantly affect the results of the Company's and the Funds' activities and the value of the Funds' investments. As a result, the Funds' performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

*Market Conditions; Insufficient Opportunities.* The availability of investment opportunities will be subject to general market conditions, the availability of debt financing, competition from other institutional investors and, in some cases, the prevailing regulatory or political climate. The Company's strategy may in some instances be partially based upon the premise that real estate businesses and assets will be available for purchase at prices that the Company considers favorable. No assurance can be given that real estate businesses and assets can be acquired at favorable prices or that the market for such assets will improve, since this will depend largely on events and factors outside the control of the Company. Moreover, the business of investing in real estate situations in which the Funds are anticipated to invest is very competitive and involves a high degree of uncertainty. Even if an attractive investment opportunity is identified by the Company, there is no certainty that the Funds will be permitted to invest in such opportunity (or invest in such opportunity to the fullest extent desired). Accordingly, there can be no assurance that the Company will be able



to identify and complete attractive investments. In addition, competition for investment opportunities may have the effect of increasing costs, thereby reducing investment returns to the Funds.

The Funds may not be able to obtain leverage; the use of leverage will expose the Funds to certain risks. The Company intends for the Funds to utilize leverage with the goal of enhancing the Funds' returns. The Company's failure to obtain leverage at the contemplated levels, or to obtain leverage on attractive terms, could have a material adverse effect on the Funds. Use of leverage will subject the Funds to risks normally associated with debt financing, including the risk that the Funds' cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on the investments will not be able to be refinanced or the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness. A Fund may incur indebtedness in which recourse is not limited to specific assets of the Fund and indebtedness which is collateralized by more than one asset, creating a situation where a Fund's investment in performing assets could be adversely impacted when those performing assets have been cross-collateralized with assets that become nonperforming.

In addition, the Funds may incur indebtedness that may bear interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect the Funds. The Funds may engage in transactions to limit its exposure to rising interest rates as it deems appropriate and cost effective, which transactions could expose the Funds to the risk that counterparties to such transactions may not perform and cause the Funds to lose the anticipated benefits therefrom, which would have the adverse effects associated with increases in market interest rates.

The Funds are subject to the risks of holding leveraged investments. Leverage creates an opportunity for increased return on equity, but at the same time creates risk for the Funds. For example, leveraging magnifies changes in the Funds' net worth. The Company will seek to leverage assets only when there is an expectation that leverage will provide a benefit, such as enhancing returns, although the Company cannot assure that the use of leverage will prove to be beneficial. Increases in credit spreads in the market generally may adversely affect the market value of the Funds' investments. Moreover, the Company cannot assure that the Funds will be able to meet debt service obligations in general and, to the extent such obligations are not met, there is a risk of loss of some or all of the Funds' investments through foreclosure or a financial loss if the Funds are required to liquidate assets, the impact of which could be magnified if such a liquidation is at a commercially inopportune time.

The Funds' use of leverage may create a mismatch with the duration of the investments that they are financing. In the event that the Funds' leverage has a shorter term than a financed investment, the Funds may not be able to extend or find appropriate replacement leverage and that would have an adverse impact on the Funds' liquidity and their returns. In the event that the Funds' leverage is of a longer term than a financed investment, the Funds may not be able to repay such leverage or replace the financed investment with an optimal substitute, which will negatively impact the Funds' desired leveraged returns.

The Company's attempts to mitigate such risk are subject to factors outside of the Company's control, such as the availability of favorable financing and hedging options, which are subject to a variety of factors, of which duration and term matching are only two such factors. The Funds' credit agreements may impose restrictions on the operation of the Funds' businesses. The Funds may make certain representations, warranties and affirmative and negative covenants in credit agreements that may restrict the Funds' ability to operate while still utilizing those sources of credit. Such representations, warranties and covenants may include but are not limited to restrictions on partnership guarantees, the maintenance of certain financial ratios (including the Funds' ratio of debt to equity capital and its debt service coverage ratio), the maintenance of a minimum net worth, restrictions against a change of control of the Funds and limitations on alternative sources of capital. The Funds may guarantee some of their leverage and contingent obligations. The Funds may guarantee the performance of some of their subsidiaries' obligations, including but not limited to some of their obligations to co-invest in vehicles and unsecured indebtedness. Non-performance on such obligations may cause losses to the Funds in excess of the capital the Funds initially may have invested/committed under such obligations and there is no assurance that the Funds will have sufficient capital to cover any such losses.

*Balloon or Other Loans.* The Funds may make, or borrow under, loans secured by real property or leasehold interests therein. If interest rates or financial markets change, or there is an adverse development with respect to an underlying property or a tenant thereof, a Fund may be unable to repay or obtain repayment of such loan, refinance such loan, procure permanent financing for the property or dispose of the property at a price sufficient to satisfy its indebtedness or recover amounts it had loaned. If the Funds subject a property to multiple security interests or makes a subordinated loan, the risk of loss would be increased.

In addition, the Funds may make or borrow under loans which do not require the complete amortization of principal over their term, or which are non-amortizing or have negative amortization through the accrual or deferral of interest. Such "balloon" loans involve greater risks than long-term, fully amortizing mortgages since the Funds' ability to repay them or to obtain repayment may be dependent upon economic conditions in general and the value of underlying properties in particular.

*Risks of Joint Ventures.* Some of the Funds' investments are expected to be made as co-venturers or partners with the seller of the property, an affiliate of the seller, or other persons. Such investments may involve risks not inherent in other types of investment vehicles, including, for example, the possibility that such persons might become bankrupt, have economic or business interests or goals inconsistent with those of the Funds or otherwise be in a position to take action inconsistent with the Funds' desires, policies or objectives. Action taken by such persons might subject the property to liabilities in excess of, or other than, those contemplated. In addition, the Funds may rely upon the abilities and management expertise of the co-venturer or partner. It may also be more difficult for the Funds to sell their interest in any joint venture, partnership or entity with other owners than to sell their interest in other types of investments. The Funds may grant co-venturers or partners veto powers with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks. A deadlock could adversely affect investment returns or value, or require the Funds to use their assets to purchase the interest of the co-venturer or partner under agreements providing for the forced sale of such interest.

Additionally, co-venturers or partners are granted incentive, promote, property management and/or similar fees or compensation. Such compensation structures may create incentives to take action inconsistent with the Funds' desires, policies or objectives and could also negatively impact the Funds' returns.

Furthermore, if such co-venturer or partner defaults on its funding obligations, it may be difficult for the Funds to make up the shortfall from other sources. The Funds may be required to make additional contributions to replace such shortfall, thereby reducing the diversification of its investments. In addition, the Funds may be liable for the actions of their co-venturers or partners. While the Company will attempt to limit the liability of the Funds by reviewing the qualifications of and previous experience of co-venturers or partners, we do not expect to obtain financial information from, or to undertake private investigations with respect to, prospective co-venturers or partners.

*The Funds may not have control over investments.* In certain situations, the Funds may (a) acquire only a minority interest in a property or other asset in which it invests, (b) rely on independent third-party management or strategic partners with respect to the management of a property or other asset in which they invests, or (c) acquire only a participation interest in an asset underlying an investment. Therefore, the Company and the Funds may not be able to exercise control over the investment or loan. Such financial assets may involve risks not present in investments where senior creditors, servicers or third-party controlling investors are not involved. In addition, in these circumstances, the Company may not receive sufficient information in order to monitor the performance of its investments. The Funds' rights to control the process following a borrower default may be subject to the rights of senior creditors or servicers whose interests may not be aligned with the Funds.

*Competition for Investments.* The Funds will compete for the acquisition of investments with many other investors, some of which will have greater resources than the Funds. Potential technology disruptors to the marketplace may also increase competition for the Funds in acquiring investments. There may be intense competition for investments of the type in which the Funds invest, and such competition may result in less favorable investment terms than would otherwise be the case. There can therefore be no assurance that the investments ultimately acquired by the Funds will meet all the investment objectives of the Funds.

The success of the Funds will be dependent on the availability of attractive investments and the Company's ability to identify, structure, consummate, leverage, manage and realize returns on attractive investments. The Funds' operating results are dependent upon the availability of, as well as the ability of the Company to identify, structure, consummate, leverage, manage and realize returns on investment opportunities. In general, the availability of desirable investment opportunities and, consequently, the Funds' returns, will be affected by the level and volatility of interest rates, conditions in the financial markets, general economic conditions, the market and demand for investment opportunities, the supply of capital for such investment opportunities, the level of government involvement in capital markets and the enactment of legislation changing tax and accounting rules historically favorable to investments in real estate. The Company and the Funds may expend significant time and resources in identifying and pursuing targeted investments, some of which may not be consummated.

*Risks Associated with Lending.* The Funds may invest in a variety of real estate-related debt investments, including sub-performing or non-performing debt. In addition to the risks of borrower default, the Funds will be subject to a variety of risks in connection with such debt investments, including the risks of mismanagement or a decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the Funds' exercise of contractual remedies for defaults on such investments.

A number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Funds' investments, the Funds could be subject to allegations of lender liability.

In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court applying bankruptcy laws may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". The Funds could be subject to claims from creditors of an obligor that the Funds' investments in debt obligations of such obligor should be equitably subordinated. Alternatively, in bankruptcy a court may re-characterize the Funds' claims or restructure the debt using "cram down" provisions of the bankruptcy laws.

*Risks of Securities Backed by Mortgages.* The commercial mortgage and mezzanine loans the Funds may acquire are subject to delinquency, foreclosure and loss which could result in losses to the Funds. The Funds' commercial mortgage and mezzanine loans will be secured by commercial property and related assets and will be subject to risks of delinquency and foreclosure. The ability of a borrower to repay a loan secured by an income-producing commercial property typically will be dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by various factors that are not in the control of the Company or the Funds.

Additionally, mezzanine loans are subordinated to senior debt on the underlying properties. In the event of default on the senior debt or the mezzanine debt, the net proceeds from a foreclosure or restructuring may not be sufficient to cover the expenses of foreclosure and payment in full of both the senior debt and the mezzanine debt. In such event the holders of mezzanine debt will generally realize a loss of up to all of their investment before the senior debt will suffer any loss. In addition,

as a result of the terms of the mezzanine loan, intercreditor arrangements (if any) and applicable law, the Company's management of the Funds' investments and the remedies with respect thereto, including the ability to foreclose on the collateral securing such investments, may be controlled by the senior lender, which may be detrimental to the interests of the holders of the mezzanine debt. The Funds' subordinated debt and related investments will involve the risks attendant to investments in real estate in general as well as additional risks attendant to investments in subordinated debt positions. Subordinate loans such as junior participations in mortgages and mezzanine loans (and participations therein) have a risk of credit loss that is significantly enhanced due to the subordinate nature of such investments. In general, the Funds' investments in subordinated tranches of commercial mortgage-backed securities are entitled to receive repayment of principal only after all required principal payments have been made to more senior tranches and have subordinated rights as to receipt of interest distributions. Such subordinated tranches are subject to a greater risk of nonpayment, are relatively illiquid and may be subject to restrictions on rights to realize upon or control underlying collateral.

*Investments in Distressed Assets.* The Funds may make substantial investments in non-performing or other troubled assets that involve a degree of financial risk, and there can be no assurance that the Funds' objectives will be realized or that there will be any return of capital. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of the investor's original investment, including equitable subordination and/or disallowance of claims or lender liability. In addition, under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment under applicable law.

*The Company may be required to make investment decisions on an expedited basis.* Investment analyses and decisions by the Company may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Company at the time of making an investment decision may be limited, and the Company may not have complete information regarding the investment asset(s), such as physical matters, zoning, regulations or other local conditions affecting an investment. Therefore, no assurance can be given that the Company will have knowledge of all circumstances that may adversely affect an investment. In addition, the Company expect to rely upon specialized expert input from third-party consultants and service providers in connection with their evaluation of proposed investments.

*Due Diligence and Contingent Liabilities on Disposition of Investments.* The Company's due diligence may not reveal all of the factors affecting an investment and may not reveal weaknesses in such investments. There can be no assurance that the Company's due diligence processes will uncover all relevant facts that would be material to an investment decision. Before making an investment, the Company will assess the strength of the underlying properties and any other factors that it believes are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the Company will rely on the resources available to it and, in some cases, investigations by third parties. In connection with the disposition of an investment, the Funds may be required to make representations about such investment. The Funds also may be required to indemnify the purchasers of such investment in case any such

representations are inaccurate. These arrangements may create contingent liabilities for which the Company may establish reserves or escrow accounts.

*Possible Lack of Diversification.* While the Funds' investment strategy is intended to be diversified by asset type, number of assets and geographic location, the investments made by each of the Funds could potentially be concentrated in one investment type or in relatively few investment types. Furthermore, the Funds may make investments in contemplation of sales or refinancings which do not occur as expected, resulting in the Funds having an unintended long-term investment and reduced diversification. As a consequence, the aggregate return on the Funds' investments may be adversely affected by the geographic concentration of the Funds' investments or the unfavorable performance of a particular investment type and will be at a greater risk to overall changes in the economy or interest rates than if the Funds were less concentrated in a particular investment type or location. Since the Funds may only make a limited number of investments and since many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors.

*Need for Follow-On Investments.* The Funds may be called upon from time to time to provide additional funds to its investments ("Follow-on Investments"). There is no assurance that the Funds will make Follow-On Investments. Any decision by the Company not to cause the Funds to make a Follow-On Investment may have a substantial negative impact on the Funds' investment therein.

### **Risks of Investing in Real Estate and Real Estate-Related Investments**

The Funds will be subject to all the risks inherent in investing in real estate and real estate-related investments ("Real Estate Investments"), which risks may be increased if the investment is leveraged. These risks may include, without limitation, general and local economic and social conditions, neighborhood values, the supply of, and demand for, properties of the type in which the Funds invest, the financial resources of tenants, vandalism, vacancies, rent strikes, changes in tax, zoning, building, environmental and other applicable laws, federal and local rent control laws, real property tax rates, changes in interest rates and the availability of mortgage funds, any of which may render the sale of properties difficult or unattractive. Such risks may also cause fluctuations in occupancy rates, rent schedules and operating expenses, which could adversely affect the value of real estate and real estate-related investments and materially reduce the cash flow generated thereby. There can be no assurance of the profitable operation of any property purchased by the Funds or the repayment of any debt investment made by the Funds. Accordingly, the Funds' investment objectives may not be realized. Certain expenditures associated with real estate equity investment (such as property taxes, utility costs, debt service, maintenance costs and insurance premiums) tend to increase and are not generally decreased by events adversely affecting rental revenues. Thus, the cost of operating a property may exceed the rental income therefrom, and the Funds may have to advance funds in order to protect an equity investment or forego the payment of interest on debt investments, or may be required to dispose of investments on disadvantageous terms if necessary to raise needed funds. Moreover, while the Funds will generally purchase insurance to cover casualty losses and general liability, such insurance may not be available or may be available only at prohibitive costs to cover losses from ongoing operations and other risks such as earthquakes, floods, acts of terrorism or environmental contamination.

*Development Properties.* The Funds may invest in Real Estate Investments comprised of properties under development. Purchasing property prior to completion of development and construction, or making loans relating to properties under development, is subject to greater risks than the purchase of properties with operating histories or making loans relating thereto. In connection with the purchase of or making loans with respect to properties under development and construction, the Funds will be subject to certain risks, including, without limitation, the risks of unanticipated delays in, or increases in the cost of, development and construction as a result of factors beyond the control of the Funds and the Company. These factors may include, but are not limited to, strikes, adverse weather, material shortages, building restrictions, clearances, environmental impact studies, solvency of the contractor or subcontractors and increases in the cost of labor and materials. In addition, the contractor may not be able to build in conformity with plans and specifications, and the property may not be rented for the amounts or within the time projected. Additional risks may be incurred where the Funds makes periodic progress payments or other advances to contractors prior to completion. The Funds may be unable to recover such payments subsequent to any such contractor's default. Such factors can result in increased costs of a project and/or delay in completion and/or loss of anticipated rental revenues and corresponding depletion of the Funds' working capital and reserves or loss of the Funds' investment. Furthermore, the price paid for a property upon which improvements are to be constructed or completed must of necessity be based upon projections of rental income and expenses or of the fair market value of the property upon completion of construction. Whether the property will operate at such projected income and expense levels or achieve such projected fair market value cannot be determined in most cases until after completion of construction and a number of months of actual operation.

*The Funds may invest in multi-family properties, which subjects the Funds to particular risks.* The Funds may invest in multi-family residential properties. A large number of risk factors may affect the value and successful operation of such properties, including: physical attributes of the property such as its age, condition, design, appearance, access to transportation and construction quality; location of the property; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates and availability of government incentives, which may encourage tenants to purchase rather than lease housing; presence of competing properties; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local industrial unit; adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; state and local regulations, which may affect the building owner's ability to increase rent to the level of market rents for an equivalent apartment; government assistance/rent subsidy programs; and the inventory of unsold condominium units in the local market that are being rented until economic conditions in the condominium market improve. If any of such risk factors are heightened or the conditions associated with such risk factors deteriorate, the Funds' investments in multi-family properties may incur losses.

In addition, certain jurisdictions regulate the relationship between an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules and retaliatory evictions.

In addition to U.S. federal, state and/or local regulation of the landlord-tenant relationship, some counties and/or municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency or to increases determined through mediation or binding arbitration.

*The Funds may invest in office properties.* There are a large number of risk factors associated with investments in office properties, including the impact of macroeconomic cycles on the local market and the building's tenants; the quality of an office building's tenants; an economic decline in the businesses operated by the tenants; the physical attributes of the building in relation to competing buildings (e.g., age, condition, design, appearance, location, access to transportation and ability to offer certain amenities, such as sophisticated building systems and/or business infrastructure requirements); the physical attributes of the building with respect to the technological needs of the tenants, including the adaptability of the building to changes in the technological needs of the tenants; the diversity of an office building's tenants (or reliance on a single or dominant tenant); the availability of sublease space; the desirability of the area as a business location; the strength, nature and unemployment rates of the local economy, including labor costs and quality, tax environment and quality of life for employees; and an adverse change in population, patterns of telecommuting or sharing of office space and employment growth (which creates demand for office space). To the extent any of such risk factors are heightened or the conditions associated with such risk factors deteriorate, the Funds' investments in office properties may incur losses.

*The Funds may invest in retail properties, which subjects the Funds to particular risks.* The Funds may invest in retail properties. The value and successful operation of a retail property is sensitive to a number of risk factors, including, but not limited to: changes in consumer spending patterns, local competitive conditions (such as the supply of retail space or the existence or construction of new competitive shopping centers or shopping malls, including, for example, competition between regional malls and local shopping centers and changing consumer preferences for upscale outlet malls, big-box discount stores and price clubs); the bankruptcy or distress of tenants; the availability of sublease space; alternative forms of retailing (such as direct mail, video shopping networks and internet web sites, which reduce the need for retail space by retail companies); the safety, convenience and attractiveness of the property to tenants and their customers or clients; the public perception of the safety of customers at shopping malls and shopping centers; the need to make major repairs or improvements to satisfy the needs of major tenants; traffic patterns and access to major thoroughfares; and unemployment rates in the local economy.

*The general strength of retail sales also directly affects retail properties.* If retail sales by tenants in the Funds' properties were to decline, the rents that are based on a percentage of revenues may also decline, and tenants may be unable to pay the fixed portion of their rents or other occupancy costs. The cessation of business by or bankruptcy of a significant tenant can have a material adverse effect on a retail property, not only because of rent and other factors specific to such tenant, but also because significant tenants at a retail property play an important part in generating customer traffic and making a retail property a desirable location for other tenants at such property.

*The Funds may invest in industrial properties, which subjects the Funds to particular risks.* The Funds may invest in industrial properties. Significant factors determining the value of industrial



properties are: the location of the property (including proximity to supply sources and customers and accessibility to rail lines, major roadways and other distribution channels and transportation routes); the quality of tenants; a reduced demand for industrial space because of a decline in a particular industry segment, property becoming functionally obsolete, building design and adaptability, scarcity of labor sources, changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors; changes in proximity of supply sources; the expenses of converting a previously adapted space to general use; and the location of the property. Concerns about the quality of tenants, particularly major tenants, are similar in both office properties (as discussed above) and industrial properties, although industrial properties may more frequently be dependent on a single or a few tenants.

A particular industrial or warehouse property that suited the needs of its original tenant may be difficult to re-let to another tenant or may become functionally obsolete relative to newer properties. Also, properties used for many industrial purposes are more prone to environmental concerns than other property types. Further, because of unique construction requirements of many industrial properties, many vacant industrial property spaces may not be easily converted to other uses. Thus, if the operation of an industrial property becomes unprofitable due to competition, age of the improvements or other factors, the liquidation value of that industrial property may be substantially less than would be the case if the property were readily adaptable to other uses.

*Market Considerations.* The Company's strategy may in some instances be partially based upon the premise that real estate businesses and assets will be available for purchase by the Funds at prices that the Company considers favorable. No assurance can be given that real estate businesses and assets can be acquired at favorable prices or that the market for such assets will improve, since this will depend largely on events and factors outside the control of the Company.

The Funds' real estate portfolio may be exposed to weakness in the U.S. real estate markets and the overall state of the economy. Declines in real estate prices coupled with an economic downturn and associated rises in unemployment levels could have a material adverse effect on the Funds' investments and on the performance of the Funds.

*Debt Market Conditions.* The availability of credit in the U.S. debt markets, and any future changes in availability, may adversely affect the Funds' acquisition and disposition activities because it may affect the Funds' ability, or the ability of a prospective purchaser of the Funds' assets, to obtain financing on favorable terms, or at all. In addition, the condition of the debt markets may adversely affect the Funds' ability to make debt investments secured by real property and may heighten the risks associated with such debt investment, including the risk of borrower default.

*A decline in the value of the Funds' investments may result in reduced returns and certain other risks.* The value of the real estate which underlies mortgage loans or other investments backed by real estate is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as both the incentive and ability of the borrower to retain and protect its equity in the property decline. Furthermore, many of the properties which will secure loans underwritten or invested in by the Funds may be suffering varying degrees of financial distress or may be located in economically distressed areas.

*Economic Environment.* The Funds' performance is dependent, at least in part, upon the Funds' ability to access capital at rates and on terms the Company determines to be acceptable. If the Funds' ability to access capital becomes significantly constrained, the Funds' financial condition and future investments may be significantly adversely affected.

*Interest Rate Risk.* The investments made by the Funds may be subject to fluctuations in interest rates which may not be adequately protected, or protected at all, by the Funds' hedging strategies. The Funds may employ various hedging strategies to limit the effects of changes in interest rates (and in some cases credit spreads), including engaging in interest rate swaps, caps, floors and other interest rate derivative products. No strategy can completely insulate the Funds from the risks associated with interest rate changes and there is a risk that they may provide no protection at all and potentially compound the impact of changes in interest rates. Hedging transactions involve certain additional risks, such as counterparty risk, the legal enforceability of hedging contracts, the early repayment of hedged transactions and the risk that unanticipated and significant changes in interest rates may cause a significant loss of basis in the contract and a change in current period expense. Thus, while the Funds may benefit from the Funds' use of hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a lower overall performance for the Funds than if it had not entered into such hedging transactions. The Funds cannot make any assurances that it will be able to enter into hedging transactions or that such hedging transactions will adequately protect against the foregoing risks. In addition, cash flow hedges which are not perfectly correlated (and appropriately designated/documented as such) could impact the Funds' reported financial statements.

The United States has experienced over a decade-long period of historically low interest rate levels. Recently, however, short-term and long-term interest rates begun, and are expected to continue, to rise. Recent changes in U.S. government policy, including the tapering of the U.S. Federal Reserve Board's quantitative easing program, and increases in the federal funds rate and macroeconomic trends (e.g., inflation), increase the risk that interest rates will continue to rise in the future. Any future interest rate increases could have adverse effects on the Funds and their investments, including but not limited to, an increase in investment interest expenses and a difficult or unattractive environment for property sales.

*Material Non-Public Information.* By reason of their responsibilities in connection with other activities of the Company or its affiliates, certain employees of the Company and its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Environmental Risks and other liability.* The Funds may be exposed to substantial risk of loss arising from investments involving undisclosed or unknown environmental, health or occupational safety matters or inadequate reserves, insurance or insurance proceeds for such matters. Through its interest in real estate, the Funds may be subject to a wide range of environmental, health and safety laws, ordinances and regulations, including without limitation, those relating to the investigation, removal and remediation of past or present releases of hazardous or toxic substances. Such laws may impose joint and several liability, which can result in a party being obligated to pay

for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard as to whether the owner or operator knew of, or caused, the presence or release of such substances. Environmental liabilities are generally not limited under such laws and could exceed the value of the relevant property and/or the aggregate assets of the responsible party. The presence of such substances, or the failure to properly remediate related contamination, may adversely affect the marketability of the real estate or the value of such property as collateral, which could have an adverse effect on returns on investments. In addition, some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition to clean-up actions brought by governmental agencies and private parties, the presence of hazardous substances on a property may lead to claims of personal injury, property damage or other claims by private plaintiffs.

*Climate Change.* Continued changes in climatic conditions could have a significant impact on the revenues, expenses and conditions of certain investments. While the full extent of the future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. Sudden changes in climate conditions could affect the frequency and magnitude of natural disasters, including, without limitation, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, which could, among other effects, adversely impact the cash flows available from an investment, cause personal injury or loss of life, damage property, or instigate disruptions of service. Moreover, if the evidence supporting climate change continues to grow, various regulatory agencies might enact more restrictive environmental regulations. These more restrictive regulations could materially impact the revenues and expenses of an investment. Any of the foregoing could therefore adversely affect the performance of the Funds and their investments.

*Risk of litigation.* Investing in distressed assets and distressed debt can be a contentious and adversarial process. Different investor groups may have qualitatively different, and frequently conflicting, interests. The Funds' investment activities may include activities that will subject it to the risks of becoming involved in litigation by third parties. The expense of defending claims against the Funds by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Funds and would reduce net assets and could require the Members to return distributed capital and earnings to the Funds. The Company and their affiliates will be indemnified by the Funds in connection with such litigation, subject to certain conditions.

*Risks associated with bankruptcy cases.* Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Funds. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the Funds, by virtue of such action, is found to exercise "domination and control" of a debtor, the Funds may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Funds.

Generally, the duration of a bankruptcy case can only be roughly estimated. Unless the Funds' claim in such case is secured by assets having a value in excess of such claim, no interest will be permitted to accrue and, therefore, the Funds' return on investment can be adversely affected by the passage of time during which the plan of reorganization of the debtor is being negotiated, approved by the creditors, and confirmed by the bankruptcy court.

The risk of delay is particularly acute when a creditor holds unsecured debt or when collateral value underlying secured debt does not equal the amount of the secured claim. Under most circumstances, unless the debtor is proved to be solvent, no interest or fees are permitted to accrue after the commencement of the debtor's case, as a matter of U.S. bankruptcy law. It should also be noted that reorganizations outside of bankruptcy are also subject to unpredictable and potentially lengthy delays. The Funds may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

*Coronavirus Risks.* In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, surfaced in Wuhan, China. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and "shelter-in-place" or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. The short-term and long-term impact of COVID-19 on the operations of the Company and the performance of the Funds is difficult to predict. In particular, the effectiveness of vaccination efforts, other future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact will influence the impact on the Company's operations and the Funds' performance. These potential impacts, while uncertain, could adversely affect the performance of the Funds' portfolio. Any other public health problem could also have a significant adverse impact and result in significant losses to the Funds' portfolios.

*Russia- Ukraine Conflict.* Russia's invasion of Ukraine in February 2022 and the resulting conflict has caused significant instability in global financial markets and has increased the threat of cyberattacks, nuclear incidents, environmental damage and further escalation of geopolitical tensions. The invasion has also led to multiple countries imposing economic sanctions and enhanced export controls on the activities of certain individuals and Russian entities, and to numerous market participants voluntarily ceasing, suspending or reducing business with counterparties connected to Russia. Global and local macroeconomic impacts including increased inflationary pressures, volatility in the price and supply of energy and other commodities, disruption to supply chains, economic pressure caused by movement of displaced persons and significant uncertainty in the commercial, legal and political environment are likely to further adversely impact individuals and businesses.

The nature and duration of impacts on the business of the Funds and their portfolio investments are difficult to predict, but could be both severe and long-lasting. Adverse impacts could include

increased operating costs (as a result of increased energy and commodity prices, among other things) and foreign exchange risk, increased funding costs or reduced access to credit, disruption to supplies and/or loss of customer base for portfolio investments, and adverse impacts on operating margins. These factors could severely impact the Funds' portfolio investments and overall performance, and ultimately the ability of the Funds to achieve their investment objectives.

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The risks described above are not a complete list of all risks associated with the described investment strategy. Investors should refer to Fund offering documents for a more complete description of the risks involved in a Fund investment.

## **Item 9 – Disciplinary Information**

The Company and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Company or its personnel.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Several entities that are related persons of the Company are general partners or managing members, as applicable, in limited partnerships or limited liability companies in which clients are solicited to invest. The Company performs asset management functions on behalf of each of such limited partnerships and limited liability companies. The Company and such general partners and managing members are under common ownership.

The following entities are related persons of the Company that act as the general partners, managing members or asset managers, as applicable, of limited partnerships or limited liability companies in which clients invest: Manageco VII LLC; Manageco VIII LLC; Manageco VIII-I LLC; Manageco IX LLC; Manageco IX Co-Invest, LLC; Manageco X, LLC; Ranger Industrial Asset Manager LLC; Manageco Ranger-G LLC and Manageco Ranger-K LLC, Manageco XI, LLC, Manageco XI GP, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC, and Ranger II Industrial Asset Manager LLC (collectively, the "Fund GPs").

The following entities are related persons of the Company that act as the general partners, managing members or asset managers, as applicable, of limited partnerships or limited liability companies which hold direct or indirect interests in real property (collectively, "Real Estate Partnerships"), in certain of which Real Estate Partnerships the Funds hold interests. David Luski, who is a control person and an owner of the Company as disclosed in response to Schedule A, is an owner of various percentage interests in each of the Fund GPs. Andrew E. Peltz, who is an owner of the Company, is also owner of various percentage interests in Manageco VII LLC, Manageco VIII LLC, Manageco VIII-I LLC, Manageco IX LLC, Manageco IX Co-Invest, LLC, Manageco X, LLC, Manageco Ranger-G LLC, Manageco Ranger-K LLC and Ranger Industrial Asset Manager LLC, each of which is a Fund GP. Jean Marie Apruzzese, Janine Roberts, David

P. Gray, Adam Breen, Jason Borreo who are owners of the Company, are also owners of various percentage interests in Manageco VII LLC, Manageco VIII LLC, Manageco VIII-I LLC, Manageco IX LLC, Manageco IX Co-Invest, LLC, Manageco X, LLC, Manageco Ranger-G LLC, Manageco Ranger-K LLC and Ranger Industrial Asset Manager LLC, Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and are indirect owners of percentage interests in Manageco XI GP, LLC, each of which is a Fund GP.

Matthew Shore and Dean Sickles, who are the owners of the Company, are also owners of a percentage interest in Manageco VII LLC and Manageco VIII LLC, Manageco VIII-I LLC, Manageco IX LLC and Manageco IX Co-Invest, LLC, Manageco X, LLC, Manageco Ranger-G LLC, Manageco Ranger-K LLC and Ranger Industrial Asset Manager LLC, Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and are indirect owners of percentage interests in Manageco XI GP, LLC, each of which is a Fund GP.

Daniel Goldman is an owner of the Company, and is also owner of a percentage interest in Manageco VIII LLC, Manageco VIII-I LLC, Manageco IX LLC and Manageco IX Co-Invest, LLC, Manageco X, LLC, Manageco Ranger-G LLC, Manageco Ranger-K LLC and Ranger Industrial Asset Manager LLC, Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and are indirect owners of percentage interests in Manageco XI GP, LLC, each of which is a Fund GP.

Robert Hyman and Glen Besser who are the owners of the Company, are also owners of a percentage interest in Manageco IX LLC and Manageco IX Co-Invest, LLC, Manageco X, LLC, Manageco Ranger-G LLC, Manageco Ranger-K LLC and Ranger Industrial Asset Manager LLC, Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and are indirect owners of percentage interests in Manageco XI GP, LLC, each of which is a Fund GP.

Brett Gottlieb is an owner of the Company, and is also owner of a percentage interest in Manageco X, LLC, Manageco Ranger-G LLC, Manageco Ranger-K LLC and Ranger Industrial Asset Manager LLC, Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and is an indirect owner of a percentage interest in Manageco XI GP, LLC, each of which is a Fund GP.

Werner Kratovil is an owner of the Company, and is also owner of a percentage interest in Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and is an indirect owner of a percentage interest in Manageco XI GP, LLC, each of which is a Fund GP.

Michael Cottam is an employee and management person of the Company, and is also owner of a percentage interest in Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and is an indirect owner of a percentage interest in Manageco XI GP, LLC, each of which is a Fund GP.

John Haaf is an employee and management person of the Company, and is also owner of a percentage interest in Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and is an indirect owner of a percentage interest in Manageco XI GP, LLC, each of which is a Fund GP.

Frank Banta is an employee and management person of the Company, and is also owner of a percentage interest in Manageco XI, LLC, Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC, and is an indirect owner of a percentage interest in Manageco XI GP, LLC, each of which is a Fund GP.

The Company performs investment advisory services on behalf of the Fund GPs in respect of the Funds and Real Estate Partnerships.

As discussed above, Manageco VII LLC is a related person of the Company. Manageco VII LLC is the managing member of DRA Growth and Income Fund VII LLC, for which the limited liability company was established to invest in interests in predominantly commercial properties. David Luski, Paul McEvoy, Brian T. Summers, Jean Marie Apruzzese, Andrew E. Peltz, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore and Dean Sickles, who are the owners of the Company, are owners of the various percentage interests in Manageco VII LLC.

As discussed above, Manageco VIII LLC is a related person of the Company. Manageco VIII LLC is the managing member of each of DRA Growth and Income Fund VIII LLC and DRA Growth and Income Fund VIII (A) LLC for which the limited liability companies were established to invest in interests in predominantly commercial properties. David Luski, Paul McEvoy, Brian T. Summers, Jean Marie Apruzzese, Andrew E. Peltz, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore, Dean Sickles and Daniel Goldman, who are the owners of the Company, are owners of the various percentage interests in Manageco VIII LLC.

As discussed above, Manageco VIII-I LLC is a related person of the Company. Manageco VIII-I LLC is the managing member of DRA Growth and Income Fund VIII Co-Investment I LLC for which the limited liability company was established to invest in interests in predominantly commercial properties. David Luski, Paul McEvoy, Brian T. Summers, Jean Marie Apruzzese, Andrew E. Peltz, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore, Dean Sickles and Daniel Goldman, who are the owners of the Company, are owners of the various percentage interests in Manageco VIII-I LLC.

As discussed above, Manageco IX LLC is a related person of the Company. Manageco IX LLC is the managing member of DRA Growth and Income Fund IX LLC, DRA Growth and Income Master Fund IX LLC and DRA Growth and Income Master Fund IX-A LLC for which the limited liability companies were established to invest in interests in predominantly commercial properties. David Luski, Paul McEvoy, Brian T. Summers, Jean Marie Apruzzese, Andrew E. Peltz, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore, Dean Sickles, Daniel Goldman, Robert Hyman and Glen Besser who are the owners of the Company, are owners of the various percentage interests in Manageco IX LLC.

As discussed above, Manageco IX Co-Invest, LLC is a related person of the Company. Manageco

IX Co-Invest, LLC is the managing member of DRA Growth and Income Fund IX Industrial Co-Investment LLC and DRA Fund IX Industrial-G Co-Investment LLC for which the limited liability companies were established to invest in interests in industrial properties. David Luski, Paul McEvoy, Brian T. Summers, Jean Marie Apruzzese, Andrew E. Peltz, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore, Dean Sickles, Daniel Goldman, Robert Hyman and Glen Besser who are the owners of the Company, are owners of the various percentage interests in Manageco IX Co-Invest, LLC.

As discussed above, Manageco X, LLC is a related person of the Company. Manageco X, LLC is the managing member of DRA Growth and Income Fund X, LLC, DRA Growth and Income Master Fund X, LLC, DRA Growth and Income Master Fund X-A, LLC, and DRA Growth and Income Master Fund X-B, LLC for which the limited liability companies were established to invest in interests in predominantly commercial properties. David Luski, Jean Marie Apruzzese, Andrew E. Peltz, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore, Dean Sickles, Daniel Goldman, Robert Hyman, Glen Besser and Brett Gottlieb who are the owners of the Company, are owners of the various percentage interests in Manageco X, LLC.

As discussed above, Manageco Ranger-G LLC and Manageco Ranger-K LLC are related persons of the Company. Manageco Ranger-G LLC and Manageco Ranger-K LLC are the managing members of Ranger-G Co-Investment LP and Ranger-K Co-Investment LP, respectively. In addition, Ranger Industrial Asset Manager LLC is a related person of the Company. Ranger Industrial Asset Manager LLC provides asset management services to Ranger Industrial Holdco REIT LLC, Ranger-G Co-Investment LP and Ranger-K Co-Investment LP for which the limited liability companies were established to invest in interests in industrial properties. David Luski, Jean Marie Apruzzese, Andrew E. Peltz, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore, Dean Sickles, Daniel Goldman, Robert Hyman, Glen Besser and Brett Gottlieb who are the owners of the Company, are owners of the various percentage interests in Manageco Ranger-G LLC, Manageco Ranger-K LLC and Ranger Industrial Asset Manager LLC.

As discussed above, Manageco XI, LLC is a related person of the Company, and is the sole member of Manageco XI GP, LLC. Manageco XI, LLC is the managing member of DRA Growth and Income Fund XI, LLC, DRA Growth and Income Master Fund XI, LLC, for which the limited liability companies were established to invest in interests in predominantly commercial properties. Manageco XI GP, LLC is the general partner of DRA G&I Fund XI-F Owner, LP, which invests all of its assets in DRA Growth and Income Fund XI, LLC through a special purpose vehicle. David Luski, Jean Marie Apruzzese, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore, Dean Sickles, Daniel Goldman, Robert Hyman, Glen Besser, Brett Gottlieb and Werner Kratovil who are the owners of the Company, are owners of the various percentage interests in Manageco XI, LLC, and are indirect owners of percentage interests in Manageco XI GP, LLC. Michael Cottam, John Haaf, and Frank Banta are management persons of the Company and are owners of the various percentage interests of Manageco XI, LLC, and are indirect owners of percentage interests in Manageco XI GP, LLC.

As discussed above, Manageco Ranger II G LLC and Manageco Ranger II K LLC are related persons of the Company. Manageco Ranger II G LLC and Manageco Ranger II K LLC are the managing members of Ranger-G Co-Investment LP and Ranger-K Co-Investment LP, respectively.



In addition, Ranger II Industrial Asset Manager LLC is a related person of the Company. Ranger II Industrial Asset Manager LLC provides asset management services to Ranger II Industrial Holdco REIT LLC, Ranger II G Co-Investment LP and Ranger II K Co-Investment LP for which the limited liability companies were established to invest in interests in industrial properties. David Luski, Jean Marie Apruzzese, Janine Roberts, David P. Gray, Adam Breen, Jason Borreo, Matthew Shore, Dean Sickles, Daniel Goldman, Robert Hyman, Glen Besser, Brett Gottlieb and Werner Kratovil who are the owners of the Company, are owners of the various percentage interests in Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC.

Michael Cottam, John Haaf, and Frank Banta are management persons of the Company and are owners of the various percentage interests of Manageco Ranger II G LLC, Manageco Ranger II K LLC and Ranger II Industrial Asset Manager LLC.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Company sometimes recommends to various clients investments in transactions in which the Company or a related person has a financial interest. The terms of such relationship and the existence of such financial interests are in each instance disclosed to such accounts prior to effecting the transaction. The Company complies with its disclosure and fiduciary obligations to clients under the Advisers Act and, where applicable, the Employee Retirement Income Security Act of 1974, as amended, in connection with its investment activities and recommendations to clients.

All principals, directors and employees of the Company (collectively, “Employees”) are subject to the provisions contained in the Business Conduct and Ethics Policy chapter of the Company’s compliance manual (the “Code of Ethics” or the “Code”). The Code outlines policies and procedures regarding conflicts of interest, standards of conduct, personal investment transactions, insider trading, handling of material, non-public information and other matters. Employees are prohibited from participating in any transaction in which there appears to be a conflict between their personal interests and those of the Company or its clients or from which they derive an improper personal benefit, directly or indirectly. The Code is designed to instill a culture of compliance among the Employees by ensuring, among other things, that Employees conduct their investing activities in accordance with applicable law and in the best interests of the clients. Key components of the Company’s Code of Ethics are: (i) maintaining a strategic vision designed to ensure that clients’ interests are placed first and foremost; (ii) identifying risks; (iii) establishing controls; (iv) documenting transactions and activities of the Employees that fall under the purview of the Code; and (v) maintaining accountability.

The Code of Ethics contains several restrictions and procedures designed to eliminate conflicts of interest between the Company, the Employees, and its clients, including: (1) a requirement of the Employees that they comply with all laws (including antitrust laws); (2) a prohibition of making gifts or payments to any governmental or elected official or their associates or to improperly influence anyone who is doing business or may do business in the future with the Company; (3) restrictions on receiving privileges, favors, gifts, payments, fees, services or special discounts

from a client, tenant, supplier or anyone else who is doing business or is seeking to do business with the Company; (4) a prohibition of Employees using their position with the Company to obtain unfair or improper benefit for themselves from other businesses or organizations with which they are associated; (5) a prohibition of receipt of improper financial benefit by Employees and procedures designed to eliminate conflicts of interest (or even the appearance of conflicts of interest); (6) restrictions on Employees regarding investments in real estate or real estate entities and other business investments; (7) restrictions on outside employment and other business activities, including service as a director or officer of another organization; (8) restrictions on Employee's business conduct in regards to work with tenants and other persons doing business with the Company, including personal loans to Employees by persons doing business with the Company; (9) guidance for Employees with respect to political contributions and activities and prohibitions of the Company making political contributions; (10) a prohibition of any discrimination; (11) a prohibition of the use of confidential information for financial gain and disclosure of confidential information; (12) pre-approval of any purchase or sale of assets from the Company; and (13) restrictions on the purchase from and sale to the Company of assets; and (14) guidance for employees for setting proper accounting controls.

The Code also prohibits the Employees from trading in certain restricted stocks under any circumstances. The list of restricted stocks is updated when necessary, but not less than quarterly. Each Employee is promptly notified of any changes or updates to the list. The Chief Compliance Officer then monitors any trades by Employees in restricted stocks.

If an employee acts in a manner inconsistent with the Code, the Code provides for disciplinary action and reports of violation. In addition, the Code provides implementation procedures with respect to: (1) interpretations and advance approvals; and (2) frequent distributions of the Code to Employees and periodic statements of compliance from certain Employees.

Monitoring of Employees' business conduct is handled by the Chief Compliance Officer. Records of transactions or activities of the employees which fall under the purview of the Code of Ethics are also maintained by the Chief Compliance Officer.

A summary of the Company's Code of Ethics will be provided to any client or investor or prospective client or investor upon written request to: David Gray, c/o DRA Advisors LLC, 575 Fifth Avenue, 38<sup>th</sup> Floor, New York, NY 10017.

## **Item 12 – Brokerage Practices**

The Company provides advice with respect to the acquisition, management and disposition of real estate and real estate related investments in private transactions which do not generally involve the participation of brokers or dealers. The Company generally does not engage in securities trading. To the extent the Company selects a broker or dealer with respect to securities transactions, each executing broker or dealer will be selected on the basis of seeking best execution of transactions. Commissions paid to a broker who supplies research may be higher than to other brokers who do not provide research. There are no limitations placed by clients on the authority of the Company in the selection of brokers.

The Company may obtain research information from a number of sources, which may include brokers. All information will be used for the benefit of all accounts serviced. Direct placement of orders may be used to direct client transactions to particular brokers.

## **Item 13 – Review of Accounts**

David Luski, President, Jean Marie Apruzzese, Secretary and Chief Operating Officer, Andrew Peltz, Managing Director of Acquisitions, David Gray, Chief Compliance Officer, Janine Roberts, Managing Director of Dispositions, Adam Breen, Chief Marketing Officer and Head of Multi-Family, Jason Borreo, Managing Director of Portfolio Management and Structuring, Matthew Shore, Chief Investment Officer, Dean Sickles, Head of East Coast Operations, Daniel Goldman, Head of West Coast Operations, Robert Hyman, Managing Director of Asset Management, Glen Besser Managing Director of Investor Services, and Brett Gottlieb, Managing Director of Acquisitions, Werner Kratovil, Managing Director of Acquisitions generally review all accounts on a quarterly and annual basis. The Company's valuation committee generally performs internal appraisals of the market value of all clients' Real Estate Investments on a quarterly basis or as directed by investors. In addition, the Company intermittently discusses prevailing market conditions and overall investment characteristics with its clients' investors.

### Client/Investor Reporting

Clients receive regular written reports on their accounts as follows:

1. Periodic purchase and sale advice.
2. Quarterly economic and market analysis.
3. Quarterly performance reports.
4. Annual audited financial statements

## **Item 14 – Client Referrals and Other Compensation**

The Company does not directly or indirectly compensate any person for client referrals.

## **Item 15 – Custody**

Client assets are held in custody by unaffiliated broker/dealers or banks, all of whom are qualified custodians, as that term is defined under Rule 206(4)-2 of the Advisers Act (i.e. the "Custody Rule"). However DRA has access to client assets since it or a related person serves as the managing member or general partner of each Fund and because of its ability to withdraw its fees directly from

the Funds. To comply with the Custody Rule and to provide meaningful protection to investors, the Funds are subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting standards, and are distributed to investors within 120 days of each Fund's fiscal year end.

## **Item 16 – Investment Discretion**

The Company has full discretionary authority to manage the Funds, including authority to make decisions with respect to which investments are bought and sold. Any limitations on authority are included in Fund offering documents, advisory agreements, investor side letters, and/or the Company's internal compliance policies and procedures.

Side Letters: The Company may, and does routinely, enter into agreements with one or more investors in its discretion which have the effect of altering or supplementing the terms of the offering to the specific investor. Any terms contained in such agreements to or with an investor govern with respect to such investor, notwithstanding the provisions of the Fund's governing documentation. Among other things, certain side letters include: (i) co-investment rights and preferences; (ii) additional notification provisions (e.g. reporting and notices), (iii) modifications reflecting applicable legal, regulatory, taxation or other obligations (including excuse rights), (iv) designation of a representative to a Members' Board, (v) restriction from use of an investor's name or (vi) variation of fee and compensation arrangements applicable to an investor, including specific thresholds for organizational and catch-up costs. Certain side letters include a "most favored nations" or "MFN" provision that entitles certain investors to examine and/or elect the benefit of side letter provisions afforded to other investors in a particular Fund. The Company believes that the side letters in effect with current investors do not materially affect the management of the Funds.

## **Item 17 – Voting Client Securities**

The Company does not invest in securities that carry proxy voting rights. As a result, the Company does not vote proxies.

## **Item 18 – Financial Information**

The Company has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.