

Item 1 – Cover Page

Part 2A of Form ADV: Firm Brochure

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Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of ACRE Manager, LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 266-6900 or les@acremgt.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

ACRE Manager, LLC is an investment adviser that registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training.

Additional information about ACRE Manager, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. The information set forth herein is qualified in its entirety by reference to applicable offering and Governing Documents. In the event of a conflict between the information set forth in this Brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

Item 2 - Material Changes

This section of the Brochure addresses “material changes” that have taken place since the initial Brochure filing and will be posted to the SEC’s public disclosure website (IAPD). The Adviser’s initial filing took place on June 29, 2021. The following changes have taken place since the initial filing:

- The Adviser has updated applicable sections to include a new private fund.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Les Menkes, the Adviser’s Chief Compliance Officer at (954) 629-0416.

Additional information about the Adviser is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

The information set forth in this Brochure is qualified in its entirety by reference to the Governing Documents (as defined herein). In the event of a conflict between the information set forth in this Brochure and the information set forth in the Governing Documents, the Governing Documents shall take precedence.

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Item 4 - Advisory Business

ACRE Manager, LLC (the “Adviser”), a Delaware limited liability corporation formed in October 2020, is an investment advisory firm with its headquarters in Dekalb, GA and an office in New York, NY. The Adviser is led and managed by Les Menkes, Michael Van Der Poel and Daniel Jacobs (the “Founding Partners” or “Principals”).

The Adviser is a private equity firm that focuses on real estate multifamily lending opportunities and multifamily real estate acquisition and development opportunities that offer the ability to create value. The Adviser provides investment advisory, management and other services on a discretionary basis to private investment funds for sophisticated, qualified investors (“Investors” or “Limited Partners”).

Credit Funds

The Onshore Credit Feeder and the Offshore Credit Feeder will invest, directly or indirectly, the proceeds of their respective offerings of the interests in the Credit Master Fund. The Credit Master Fund invests in the ACRE Credit REIT LLC, which qualifies as a real estate investment trust for U.S. federal income tax purposes, and (if applicable) one or more alternative investment vehicles that may be formed in the future (each, an “Alternative Investment Vehicle” and collectively, the “Alternative Investment Vehicles”). The ARS Credit Feeder (and/or its affiliates) will invest alongside the Master Fund in both the ACRE Credit REIT and (if applicable) the Alternative Investment Vehicles. It is also anticipated that the applicable General Partner, as defined below, will invest alongside the Credit Master Fund and the ARS Credit Feeder in the ACRE Credit REIT.

Equity Fund

The general partners or equivalent of the Funds is an affiliate of the Adviser (each, a “General Partner” and collectively, the “General Partners”). The General Partners are subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser. As noted above, the Governing Documents of each Client may also provide for Alternative Investment Vehicles in certain circumstances. Investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would also become Clients of the Adviser. In this Brochure, because it is uncertain whether such additional Alternative Investment Vehicles will be classified as Clients of the Adviser, when we refer to a Fund or Client, we are also referring to such Alternative Investment Vehicle, if any.

The Adviser’s investment advisory services to the Funds, which are structured as private equity funds, consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. The Adviser invests in preferred equity, mortgages and other real estate related debt instruments on behalf of the Credit Funds and multifamily real estate acquisition and development opportunities on behalf of the Equity Fund (collectively, “Fund Investments”). In connection with its anticipated agreement to invest alongside the Master Fund in the ACRE Credit REIT (and, if applicable, the Alternative Investment Vehicles), the ARS Credit Feeder, which was previously managed by a non-

affiliated, third-party entity, (and certain of its affiliates), and certain affiliates of the Adviser have entered into certain agreements regarding the management and operation of the Funds. Those agreements include appointment of a board of managers to oversee matters related to the governance of the General Partner and the Adviser (and, if applicable, the Alternative Investment Vehicles).

The Adviser's advisory services to the Funds are detailed in the limited partnership agreements, other governance documents of the Funds and any Alternative Investment Vehicle, and other applicable documents and agreements, applicable private placement memoranda or other offering documents, investment management agreements, (collectively, the "Governing Documents"). While it is anticipated that each of its Clients will follow the strategy described above, the Adviser may tailor the specific advisory services with respect to each Client to the individual investment strategy of that Client. In addition, the Governing Documents of Clients may, in certain limited circumstances, impose restrictions on investing in certain securities or types of securities, for example in connection with regulatory or compliance reasons.

Certain of the Funds and the General Partner may enter into side letters or other similar agreements ("Side Letters") with certain Investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant Governing Documents with respect to such Investors. See also "Side Letters and Other Similar Agreements" under Item 8. "Methods of Analysis, Investment Strategies and Risk of Loss."

Additionally, from time to time and as permitted by the relevant Governing Documents, the Adviser expects to provide (or to agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain Investors or other persons, including ARS Feeder affiliates, other sponsors, market participants, finders, consultants and other service providers, the Adviser's personnel and/or certain other persons associated with the Adviser and/or its affiliates (e.g., a vehicle formed by the Principals to co-invest alongside a particular Fund's transactions). Such co-investment opportunities may be offered on economic terms that are different than those applicable to the Funds, including terms related to the rate of management fee, incentive fee, promote, carried interest, or similar fee payable.

As of December 31, 2022, the Adviser manages approximately \$2,890,375,664 in Client assets on a discretionary basis through the Funds.

Item 5 - Fees and Compensation

In general, the Adviser receives a management fee from each of the Funds that it manages as compensation for the investment advisory services rendered to the applicable Fund. The Adviser also typically receives performance-based compensation or carried interest pursuant to the applicable Governing Documents for such Fund.

The precise amount, the manner of calculation and the manner and timing of payment of any such management fee, carried interest, or performance-based compensation for each such Fund are established by the Adviser, as modified by negotiations with Investors in the applicable Fund, and are set forth in such Fund's Governing Documents provided to each Investor prior to investment in such Fund. Nonetheless, the structure of the management fee and carried interest which the Adviser currently employs and which the Adviser expects to employ with respect to future Funds going forward is summarized below.

Management Fees

Through the end of the investment period, the Adviser will receive an annual management fee (the “Management Fee”) from the Master Funds equal to a percentage of the Master Fund’s aggregate capital commitments. Thereafter, the annual Management Fee will be a percentage of the Master Fund’s funded capital commitments. The Management Fee is payable quarterly in advance. To the extent that the Management Fee is paid at the ACRE REITS or (if applicable) the Alternative Investment Vehicle level, no management fee will be taken at the Master Fund or the Feeder Fund level. The Management Fee will commence as of the first closing based on the Master Fund’s aggregate capital commitments, regardless of when a Limited Partner is actually admitted. With respect to any Limited Partner participating in a subsequent closing, the Limited Partner will be liable for its portion of the Management Fee retroactive to the first closing. The Management Fee to be paid to the Adviser may be offset against any distributions and may be requested from the Limited Partners as contributions to the extent capital commitments remain undrawn.

Fund Expenses and Other

In certain circumstances, the Management Fees payable to the Adviser by individual Investors in the Funds can vary among such Investors (*e.g.*, based on size of commitment, aggregate commitments to the Funds, timing of admission or other strategic or relationship factors) and may be negotiable. Moreover, the Adviser is permitted to exempt certain “affiliated partner” Investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including the Adviser and any other person designated by the Adviser, such as “friends and family” and certain business associates of the Adviser or its personnel, or other Investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an Adviser professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Governing Documents, the Adviser has the right to permit Investors, affiliated with the Adviser or otherwise, to invest through vehicles that do not bear Management Fees, carried interest, or performance-based compensation. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying Investors.

The Funds generally invest, and anticipate continuing to invest, on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and Investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Adviser or its affiliates.

A Fund will bear and be charged (or reimburse the General Partner) with all costs, expenses and liabilities incurred by or arising out of the operation and activities of the Fund or its subsidiaries, ordinary or extraordinary (the “**Fund Expenses**”) including, without limitation, Management Fees; fees and expenses relating to actual and potential Fund Investments and temporary Fund Investments, transportation, meal and lodging expenses of the personnel of the General Partner; sales commissions and fees, commitment fees and costs and expenses incurred in the purchase and sale of Fund Investments; interest on and fees, commissions, costs and expenses and other amounts payable related to or arising from any indebtedness or hedging activities of the Fund; costs related to the operations of

the Fund, including, without limitation, fees and expenses of experts, appraisers, custodians, outside counsel, consultants, accountants, auditors, the Administrators and tax return preparers, including, without limitation, expenses associated with the preparation of the financial statements and tax returns of the Fund; premiums for casualty and other insurance protecting the Fund and its property and Fund Investments from loss; premiums for insurance protecting the Fund and certain persons from liabilities to third parties in connection with Fund Investments and other activities; fees for property management, brokerage, leasing, development or other services provided in connection with Fund Investments; expenses related to organizing entities through or in which Fund Investments may be made; expenses of any meeting of the Partners of the Fund; taxes and other governmental charges, fees and duties payable by the Fund; claims, and any other amounts subject to indemnification under the Governing Documents; costs of preparing and distributing reports to the owners of the Fund; costs and expenses associated with litigation, arbitration and similar proceedings involving the Fund; and costs of winding up and liquidating the Fund. Expenses that are attributable to a particular Limited Partner or subset of Limited Partners may, in the General Partner's sole discretion, be allocated solely to such Limited Partner(s) if the General Partner determines that doing so would be fair and equitable.

Limited Partners may be required to make capital contributions to the extent of their remaining unfunded capital commitments for the payment of such Fund Expenses to the extent the Fund does not have sufficient funds to pay such expenses.

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

The Adviser or its affiliates may receive a carried interest allocation on certain realized profits in the Funds. The Adviser or its affiliates will receive a carried interest with respect to the Fund equal to a fixed percentage of all realized profits subject to a fixed percentage compound preferred return, as more fully described in the applicable Governing Documents. See also "Effect of Carried Interest" below under Item 8. "Methods of Analysis, Investment Strategies and Risk of Loss." "

These payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The Adviser does not advise Funds that are not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain partners.

Additionally, to the extent that the Adviser's personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

The existence of carried interest and performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its Investors.

The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

Item 7 - Types of Clients

As described in Item 4 “Advisory Business,” the Adviser provides investment advisory services only to the Funds, which are investment partnerships, or similar entities, which are exempt from registration under the Investment Company Act. The Investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, Principals or other employees of the Adviser and its affiliates and members of their families or service providers retained by the Adviser.

Certain of the Feeder Funds are offering Interests to qualified investors on the terms outlined in the Governing Documents.

Those Feeder Funds will each offer Interests in accordance with Section 3(c)(7) of the Investment Company Act and each prospective investor will be required to represent, among other things, that it is both (i) an “accredited investor” as such term is defined in Regulation D of the Securities Act, and (ii) a “qualified purchaser” as such term is defined in Section 2(a)(51) of the Investment Company Act.

The minimum capital commitment to those Feeder Funds by a Limited Partner will be USD\$1,000,000, although the General Partner reserves the right, in its sole discretion, to accept capital commitments of lesser amounts.

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

Investment Strategy and Method of Analysis

The Adviser implements an investment strategy on behalf of the Funds that focuses on multifamily lending opportunities. The Funds target situations in the multifamily space, because the Adviser and its affiliates have significant internal capabilities and a track record in this property type. The Adviser and its affiliates have an established network in the multifamily industry which the Adviser believes will allow the Funds to directly originate situations often avoiding highly competitive nationally marketed loan syndications.

The Funds source opportunities nationally with an emphasis on secondary markets. The Funds intend to take advantage of the Adviser’s and its affiliates’ footprint in the Midwest and Southeast and look to exploit opportunities in secondary markets.

The Adviser employs a conservative investment approach on behalf of the Funds, which incorporates: (i) understanding and forecasting economic, social and financial factors affecting real estate supply and demand in local submarkets; (ii) benefiting from its affiliate’s equity platform and local expertise with respect to specific market complexities; (iii) structuring loans with significant equity cushion (both cash and implied equity) to help mitigate macro and micro economic volatility; (iv) seeking to negotiate for lender friendly legal documentation which includes robust security packages with tight covenants and maximum control; and (v) seeking to lend to strong, institutional sponsors with significant financial wherewithal and an excellent market reputation. In addition, the Funds intend to pursue investment opportunities only where it perceives attractive debt financial metrics, strong sponsorship with significant cash equity, excellent market fundamentals, and assets with viable refinancing or exit strategies.

Credit Funds

The Credit Funds will seek investments that offer strong risk adjusted returns through detailed underwriting, thorough onsite diligence, strong legal negotiation with the prospective borrowers and senior lenders, and efficient capital markets execution. The Credit Funds will consider potential risks with a view towards downside protection when making investment decisions. Each investment of the Credit Funds (other than preferred equity) will be secured by a first or second mortgage and or first lien on the equity shares of the direct or indirect owner of the property through a UCC lien to help enable a quick and efficient exercise of remedies in the event of a default. To the extent that any potential investment may not be suitable for the ACRE Credit REIT, the General Partner expects to use an Alternative Investment Vehicle to acquire such investment.

The Credit Funds will seek to originate multifamily backed direct lending opportunities off-market. In doing so, the Credit Funds will be able to leverage its and its affiliates' strong relationships with other multifamily owner operators and developers to generate equity like returns for direct lending risk. The Credit Fund will target core plus, secondary submarkets that exhibit strong net migration, population and job growth that allows for strong liquidity even in an event of a downturn. The Credit Funds will put an emphasis on submarkets in which it already owns and manages multifamily assets. In addition, the Credit Funds will prioritize opportunities with strong sponsorship that have significant cash equity invested and a long standing track record of success and business plan execution.

Equity Fund

The Equity Fund will target properties offering value creations through renovation or operational improvements. The Equity Fund will target development opportunities that offer attractive risk/reward characteristics and are suitable for the Equity Fund. The Equity Fund will target land acquisitions as well as sponsor-lead development opportunities at various stages from land acquisition to "shovel-ready" and origination of development projects.

Risks Involved with an Investment in a Fund and Portfolio Investments

The purchase of a limited partnership interest in a Funds involves a number of significant risks and other important factors relating to investments in limited partnerships generally, and relating to the structure and investment objectives of the Funds in particular. An investment in a Fund carries substantial risks and is not suitable for persons who cannot afford to take such risks. Investors should understand such risks and have the financial ability and willingness to accept such risks for an extended period of time. There can be no assurance that the Funds' investment objective will be achieved. Investors may lose all or substantially all of their investment in the Funds. Prospective investors should carefully review the risks associated with investing in the Fund with their financial, tax and legal advisers.

Risks Relating to Fund Investments

Loan Origination Risk. The value of the Funds' investments in loans, mortgage liens, mezzanine loans or similar or related instruments (collectively, a "Loan") may detrimentally be affected to the extent (i) that the value of the property securing a particular Loan, if any, is less than the face amount of the Loan, and/or (ii) there are extensive legal and other costs incurred in collecting on the Loan. The amount realizable with respect to such an investment may be detrimentally affected if a guarantor fails to meet its obligations under the guarantee. Moreover, the value of the property supporting the Loan may fluctuate. Finally, there may be a monetary, as well as a time cost involved

in collecting on default of a loan and, if applicable, taking possession of the property and subsequently rehabilitating or liquidating the foreclosed property. In addition, active lending/origination by the Funds may subject it to additional regulation, as well as possible adverse tax consequences to the Funds and/or the Limited Partners.

Risks of Lending Secured by Real Estate. The value of the Fund Investments may be detrimentally affected if there is a decline in the value of either (i) the property collateralizing a Loan; or (ii) an underlying or foreclosed property. To that extent, the Funds will be subject to the risks generally incident to the ownership of real property, including: uncertainty of cash flow to meet fixed and other obligations; adverse changes in the overall real estate market, local real estate conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions, interest rates and real estate tax rates; changes in fiscal policies; changes in applicable laws and regulations (including tax laws); the financial condition of tenants, buyers and sellers of properties; supply of or demand for competing properties in an area; accelerated construction activity; the availability of financing; and real estate tax rates; competition based on rental rates; energy and supply shortages; governmental regulations; and uninsured losses and other risks that are beyond the control of the Funds. In addition, to the extent the Funds become the owner of a foreclosed property, the Funds could be exposed to significant carrying costs prior to the liquidation of the asset, and the Funds may be unable to realize the value assigned to the foreclosed property by the Funds upon their liquidation.

Further, the properties securing a Loan and foreclosed properties will be subject to federal and state environmental laws, regulations and administrative rulings which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Real property owners are subject to federal and state environmental laws which impose joint and several liability on past and present owners and users of real property for hazardous substance remediation and removal costs. In particular, federal and state laws require the removal or encapsulation of asbestos-containing material when such material is in poor condition or in the event of construction, demolition, remodeling or renovation, and may also require the removal of underground storage tanks. In addition, investments in real estate or interests in real estate are illiquid and subject to industry cycles, downturns in demand, market disruptions and the lack of available capital from potential lenders or investors. Furthermore, there can be no assurance that there will be tenants or purchasers for any properties securing a Loan or foreclosed property.

Default and Foreclosure Risks. If there is a default on a Loan and the Funds are unable to foreclose on the properties securing such Loan, the Funds may be exposed to losses resulting from the default. Therefore, the value of the underlying collateral and the priority of the lien are each of great importance. The Funds cannot guarantee the adequacy of the protection of the Funds' interests, including the validity or enforceability of the Loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Funds cannot assure that claims may not be asserted that might interfere with enforcement of the Funds' rights. The liquidation proceeds upon sale of the foreclosed property may not satisfy the entire outstanding balance of principal and interest on the Loan, resulting in a loss to the Funds. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

There is a risk that the default and foreclosure proceedings could be lengthy, possibly lasting up to two (2) years or more. During foreclosure proceedings, the Funds could incur extensive legal and other costs. In addition, there is a risk that the borrower will assert usury and other defenses in response to such default and foreclosure proceedings, rendering the Funds unable to recover the full amount of

principal and interest due under the Loan. In addition, if a REIT (such as the ACRE REITS or any other Alternative Investment Vehicle that elects to be treated as a REIT) has (a) net income from the sale or other disposition of “foreclosure property” held primarily for sale to customers in the ordinary course of business or (b) other non-qualifying income from foreclosure property, it will be required to pay tax at the highest corporate tax rate on this income.

Difficulty of Locating Suitable Investments. The activity of identifying, completing and realizing attractive Fund Investments, including Loans, has from time to time been highly competitive, and involves a high degree of uncertainty. The Funds will be competing for Fund Investments with many other real estate investment vehicles, as well as individuals, financial institutions (such as mortgage banks, pension funds and real estate operating companies), hedge funds and other institutional investors. Further, over the past several years, many real estate funds and publicly traded vehicles have been formed and others have consolidated (resulting in larger funds and vehicles). Additional funds and vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur. There can be no assurance that the Funds will be able to locate, complete and exit Fund Investments which satisfy the Funds’ objective or realize upon their values or that it will be able to fully invest its available capital.

Market Conditions. The Funds’ strategy in investing in certain Loans may be based, in part, upon the premise that attractive Loans relating to real estate businesses and assets will be available for purchase by the Funds at prices which the Funds consider favorable. Further, the Funds’ strategy relies, in part, upon local market conditions during the term of the Funds. No assurance can be given that Loans will be available at favorable prices or that the market for Loans will recover, or continue to improve, as the case may be, since this will depend, in part, upon events and factors outside the control of the Funds. Further, the Funds’ strategy relies, in part, upon the continuation of favorable market conditions (including, for example, supply and demand characteristics) or, in some circumstances, upon more favorable market conditions existing prior to the end of the term of the Funds. No assurance can be given that Loans can be made at favorable prices or that the market for such Loans will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of the Funds.

Availability of Insurance against Certain Catastrophic Losses. Certain losses of a catastrophic nature, such as wars, earthquakes, floods, environmental contamination, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related Fund Investments. Such events may materially damage the value of a property securing a Loan, or impair a borrower’s ability to make payments on a Loan. In general, losses related to terrorism are becoming more difficult and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all Fund Investments may be insured against terrorism. If a major uninsured loss occurs, the Funds could lose both invested capital in and anticipated profits from the affected Fund Investments.

Potential Environmental Liability. The Funds may be indirectly exposed to substantial risk of loss arising from Fund Investments involving undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. The Funds are subject to a wide range of U.S. federal, state, local and foreign 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 to whether the owner or operator knew of, or was responsible for, the presence or release of such substances. The cost of any required remediation and other 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 the Funds' return from such Fund Investment. Environmental claims with respect to a specific Fund Investment may exceed the value of such Fund Investment, and under certain circumstances, subject the other assets of the Funds to such liabilities.

Lack of Diversification. The Funds currently expect to invest in, originate new, and purchase existing Loans to owners of a limited amount of real estate assets. Accordingly, the Funds may be subject to greater volatility than would be the case if it were required to maintain greater diversification among investments, properties, property types and locations.

Interest Rate Risk. The Funds are subject to interest rate risk. The Funds may incur variable rate indebtedness under borrowing facilities as the Funds acquire Fund Investments, as well as for other purposes. Accordingly, increases in interest rates would increase the Funds' interest costs (to the extent that the related indebtedness was not protected by interest rate protection arrangements), thereby, among other things, decreasing the amount of available funds for distribution to the Limited Partners. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond the control of the Funds. Consequently, the profitability of the Funds may be adversely affected during any period as a result of changing interest rates.

Low Interest Rate Environment. Certain Funds will make Loans and acquire Fund Investments based on its estimates or projections of overall rates of return on such investments, which in turn are based upon, among other considerations, assumptions regarding the performance of assets and the future trajectory of interest rates. The current environment for interest rates is low by historical standards, and there can be no assurances that the Loans will provide the Funds sufficient returns to successfully provide Limited Partners with a rate of return equal to or exceeding the preferred return. Returns may be significantly worse than the preferred return, and the Funds may suffer losses. Events or conditions that the Funds have not anticipated may occur and may have a significant effect on the actual rate of return received on an investment.

Preferred Equity Investments. The Funds may invest in preferred equity of real estate assets. Preferred equity investments are typically subordinate to debt financing and are not secured. Should the issuer default on the Funds' investment, the Funds would only be able to proceed against the entity that issued the preferred equity in accordance with the terms of the preferred security, and not any property owned by the entity. Furthermore, in the event of bankruptcy or foreclosure, the Funds would only be able to recoup their investment after any lenders to the entity are paid. As a result, the Funds may not recover some or all of its investment, which could result in losses. In order to ensure that such preferred equity assets do not adversely affect the ACRE REITS' ability to qualify as a REIT, any investment in such preferred equity assets may be made through an Alternative Investment Vehicle as opposed to the ACRE REITS.

General Risks

No Assurance of Investment Return. The Funds cannot provide assurance that it will be able to successfully choose, make and realize Fund Investments. There can be no assurance that the Funds will be able to generate returns for the Limited Partners or that the returns will be commensurate with the risks of investing in the types of properties or companies and transactions described herein. There can be no assurance that any Limited Partner will receive any distribution from the Feeder Funds. Accordingly, an investment in the Funds should only be considered by persons that can afford a loss of their entire investment. Past activities of investment entities associated with the investment team provide no assurance of future success.

Reliance on the General Partner and Management. Decisions with respect to the management of the Funds will be made by the General Partner and the board of directors of the ACRE REITS (and, if applicable, the board of directors of any Alternative Investment Vehicle). The success of the Funds will depend on their ability to identify and consummate suitable Fund Investments and to dispose of Fund Investments at a profit. The loss of the services of members of the Funds' team could have an adverse impact on the Funds' ability to realize its investment objectives. There can be no assurance that any member of management will continue to be affiliated with the Funds throughout its anticipated term. Although certain professionals are currently located in specific countries or regions, there can be no assurance that such persons will remain in that jurisdiction or spend any specific amount of time on investment activities in those countries or regions.

No Operating History; Projections, Forecasts and Estimates. The Funds have no operating history or investment platform upon which prospective investors may evaluate its potential future performance. The ACRE REITS have limited operating history upon which prospective investors may evaluate its potential future performance. The past performance of the Adviser affiliates, the Principals, the employees of the General Partner, the prior third party manager of the ARS Feeder, the members of the boards of managers of the General Partner and the Adviser and the members of the board of directors of the ACRE REITS and (if applicable) the Alternative Investment Vehicles, and their respective affiliates may not be indicative of the future performance of the Funds.

The Funds will make investments based upon analyses of current returns and estimates and projections of internal rates of return that may be available in potential investments. There can be no assurance that the Funds will make investments that will realize its return objectives. The Funds may not be successful in identifying suitable investments and assets that meet its investment criteria or in consummating acquisitions or investments on satisfactory terms or at all. Acquisitions and debt investments entail risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to standards established for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new operating company or real estate investment. Failures in identifying investments on satisfactory terms or poor performance of any one investment could adversely affect the Funds' performance. In addition, subsequent to the Funds' acquisition of a particular investment, management may adjust targeted returns to reflect changes in market conditions. There can be no assurance that the Funds will make a profit on any Fund Investments or even be able to recover its invested capital during any anticipated period of time.

Any projections, forecasts and estimates contained herein are forward looking statements and are based upon certain assumptions that the Funds consider reasonable. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

Risk of Limited Number of Investments. The Funds may participate in a limited number of Fund Investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single Fund Investment. Prospective investors have no assurance as to the degree of diversification of Fund Investments or asset type. Because the Funds generally expect to acquire Fund Investments in discrete transactions, these diversification risks may be amplified during the initial portion of the investment period.

Geographic Concentration Risk. The Funds will focus their investments on Loans relating primarily to property in the Southeast United States, and therefore will be particularly vulnerable to events affecting companies and assets in the U.S. generally and in the Southeast United States in particular. The economy of the U.S. is influenced by the economic and market conditions in other countries in the region and events in other regions can have adverse effects on the securities of companies and the value of assets in the U.S. For example, the COVID-19 pandemic and the measures taken to limit its spread are negatively impacting the global, national, and regional economies, including the Southeast United States, and could have an adverse impact on the business, results of operations, financial condition, and liquidity of the Funds. The Funds' performance may be worse than the performance of other funds that invest more broadly.

Investments Longer Than the Funds' Term. The Funds may invest in Fund Investments that may not be advantageously disposed of prior to the date that the Funds will be dissolved, either by expiration of the Funds' term or otherwise. Although the Funds expects that Fund Investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Funds may have to sell, distribute or otherwise dispose of Fund Investments at a disadvantageous time as a result of dissolution (and such sale or disposition could result in the ACRE REITS (or, if applicable, any Alternative Investment Vehicle that elects to be a REIT) being subject to a prohibited transaction tax equal to 100% of any realized gain).

Valuation of Fund Investments. The Fund Investments that the Funds will make will not be actively traded. In the absence of market comparisons, the Funds will use other pricing methodologies, including, for example, models based on assumptions regarding expected trends, historical trends following market conditions believed to be comparable to the then-current market conditions and other factors believed at the time to be likely to influence the potential likelihood of a resale of a Fund Investment. Such methodologies may not prove to be accurate, and the Funds' inability to accurately value real estate assets may result in adverse consequences for the Funds. A valuation is only an estimate of value and is not a precise measure of realizable value. A real estate Loan depends to a great extent on economic and other conditions beyond the control of the Funds and its affiliates. If the Funds were to sell a particular Fund Investment, the realized value may be more than or less than the valuation of such Fund Investment and in any event may be materially different from the interim valuations derived from the valuation methods described herein.

Restrictions on Transfer. The Interests have not been registered under the Securities Act, the securities laws of any U.S. state, or the securities laws of any other jurisdiction, and the Funds have not been registered under the Investment Company Act. Therefore, Interests cannot be resold unless they are sold to a Qualified Purchase and the resale is subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not expected that registration under the Securities Act or other securities laws will occur. The Interests may only be offered, sold or transferred to individuals or entities who or which are Qualified Purchasers. Furthermore, there is no public market for the Interests, and none is expected to develop. Each prospective investor will be required to represent that it is a Qualified Purchaser and that it is acquiring its Interests for investment purposes and not with a view to resale or distribution and that it will only sell and transfer its Interests to a Qualified Purchaser or in a manner permitted by the Governing

Documents and consistent with such laws. Each prospective investor must be prepared to bear the economic risk of an investment for an indefinite period of time. A Limited Partner will not be permitted to assign, sell, exchange or transfer any of its interest, rights or obligations with respect to its Interests, except by operation of law, without the prior written consent of the General Partner which consent may be withheld as described in the Governing Documents. Voluntary redemption of the Interests will generally not be permitted.

The General Partner may also impose such restrictions on the transfer of the Interests as it may determine to be appropriate in order to (i) permit the Master Fund and the Feeder Funds to be exempt from registration as an “investment company” pursuant to the Investment Company Act, (ii) avoid causing the assets of the Master Fund and the Feeder Funds to be “plan assets” under ERISA (as defined below), (iii) avoid causing the Master Fund and the Feeder Funds to violate (or fail to qualify for any exemption with respect to) any applicable federal, state, or foreign securities laws), (iv) avoid causing the Master Fund and the Feeder Funds to be treated as a publicly traded partnership within the meaning of Section 7704 of the Code (as defined below), or (v) avoid causing the ACRE REITS (or, if applicable, any other Alternative Investment Vehicle that elects to qualify as a REIT) to fail to qualify as a REIT.

The Master Fund intends to own common units of membership interests in the ACRE REITS, which intends to qualify and elect to be taxed as a REIT under the Code. In order to ensure that the ownership of Interests in the Feeder Funds satisfies the requirement that the ACRE REITS (and, if applicable, any other Alternative Investment Vehicle that elects to qualify as a REIT) not be closely held for purposes of the REIT provisions of the Code, the Interests are subject to restrictions on ownership and transfer as set forth in the applicable Feeder Fund Governing Documents. The restrictions on ownership and transfer of the Interests may result in the transfer of Interests to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the intended transferee of the benefits of owning the Interests. The Master Fund Governing Documents contain substantially similar restrictions on the ownership and transfer of its interests.

Failure to Fund Commitments, Consequences of Default. If a Limited Partner fails to pay installments of its capital commitment when due, and the contributions made by non-defaulting Limited Partners and borrowings by the Funds are inadequate to cover the defaulted capital contribution, the applicable Feeder Fund may be unable to meet its obligations when due. As a result, the applicable Feeder Fund may be subjected to significant penalties that could limit opportunities for investment diversification and materially adversely affect the returns of the Limited Partners (including, without limitation, non-defaulting Limited Partners). If a Limited Partner defaults, it may be subject to various remedies as provided in the Governing Documents, including, without limitation, forfeiture of its Interests.

Lack of Management Rights. Limited Partners will have no opportunity to control the day-to-day operation, including, without limitation, investment and disposition decisions, of the Funds. The General Partner will generally have sole and absolute discretion in managing and operating the Master Fund and the Feeder Funds, and the board of directors of the ACRE REITS (and, if applicable, the board of directors of each Alternative Investment Vehicle) will generally have sole and absolute discretion in structuring, negotiating and purchasing, financing and eventually divesting Fund Investments on behalf of the Funds. Consequently, the Limited Partners will generally not be able to evaluate for themselves the merits of particular Fund Investments prior to the Funds making such Fund Investments. In addition, the Limited Partners will not have the right to remove the General Partner for cause or otherwise.

Investments with Third Parties in Joint Ventures and Other Entities. The Funds may co-invest with third parties (including Almanac and its affiliates) through partnerships, joint venture or joint investing entities or other entities, whereby the Funds acquire controlling or non-controlling interests in certain Fund Investments. Although the Funds may not have control over these Fund Investments and, therefore, may have a limited ability to protect its position therein, the Funds expect that appropriate rights will be negotiated to protect its interests. There can be no assurance that such rights will be available or that such rights will provide sufficient protection of the Funds' rights. Furthermore, such Fund Investments may involve risks not present in Fund Investments where a third party is not involved, including, without limitation, the possibility that a third-party co-investor, partner or co-venturer may itself have financial difficulties resulting in a negative impact on such Fund Investment, or may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of its third-party co-investors, partners or co-venturers. While the Funds will review the qualifications and previous experience of such entities and joint venture partners and will generally undertake private investigations with respect to prospective entities or joint venture partners and obtain financial information from joint venture partners, there can be no assurances that such investigations will be complete or reveal all material facts relating to such joint venture partners or entities, particularly in certain foreign jurisdictions where information on individuals may be more limited or difficult to obtain.

Reliance on Management or Joint Venture Partner. In connection with joint ventures, although the Funds will monitor the performance of the Fund Investments, it will primarily be the responsibility of third-party corporate management teams, joint venture partners and third-party managers to operate, on a day-to-day basis, Fund Investments that the Funds make through such partnerships, joint ventures or other entities. There can be no assurance that such management teams, joint venture partners or managers will be able to operate and manage such Fund Investments successfully. Limited Partners will have no effective means of influencing the day-to-day actions of joint venture partners and other third-party managers in managing the properties.

The Funds intend to engage third parties to facilitate its efforts in Loan servicing and due diligence services. There can be no assurance that the Funds will be able to retain the necessary third-party services on terms and subject to conditions that are reasonably acceptable to the Funds.

Fees for Services. While no specific engagements are currently contemplated (other than the payment of the Management Fee to the Adviser), the Funds may, in the future, retain the services of the General Partner's affiliates with respect to the various services required in relation to the assets of the Funds and may pay a fee to such affiliates for their services. The Funds may continue to use the services of third-party providers where it deems appropriate. The use of affiliates of the General Partner in connection with the retention of these services raises potential conflicts of interest in that there may be an incentive for the Funds to favor affiliates of the General Partner over more qualified service providers and/or to agree to pay fees that are higher than the fees charged for comparable services. The fees payable to such affiliates for the performed services are to be borne by the Funds, and the Limited Partners will not receive the benefit of such fees.

Counterparty Risks. Fund Investments made by the Funds depend on the timely and accurate performance of obligations by contractual counterparties. Although the Funds will take reasonable steps to conduct adequate due diligence in respect of such counterparties, such counterparties may fail to perform their obligations in the manner anticipated by the Funds. This may result in unexpected costs or a reduction in expected revenues for the Funds.

Leverage and Subscription Facility. The Funds expect to utilize significant leverage in connection with the Fund Investments. Although the Funds will seek to use leverage in a manner it believes is prudent, the use of such leverage involves a high degree of financial risk and will increase the exposure of the Fund Investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Fund Investments. If the Funds default on secured indebtedness, the lender may foreclose, and the Funds could lose their entire investment in the security for such loan. In addition, borrowings by the Funds may be secured by the Limited Partners' capital commitments as well as by the Funds' assets.

The Funds may make borrowings in anticipation of calling capital from Limited Partners and, in connection with such borrowings, the Funds may enter into a subscription facility with a bank or syndicate of banks. The facility may be secured by the Funds' assets or the obligations of the Limited Partners to make capital contributions. In order to establish such a facility, the Funds may assign to the lenders certain of its right to draw down capital from Limited Partners. To the extent permitted by applicable law, Limited Partners may also be obligated to make capital contributions at the demand of the lenders, waive rights or defenses with respect to their obligation to make capital contributions, provide financial information or execute other documents necessary in respect of such credit facility.

Constraints on the Funds' Ability to Finance Assets. If the Funds are unable to finance its assets, the Funds' ability to grow its business or fully execute its business strategy will be adversely affected and the value of the Interests will be adversely affected. In this regard, the credit dislocation that began in the summer of 2007 was unprecedented in recent times and has had a lasting impact on the securitization market and other debt-financing markets. The credit crisis resulted in a liquidity crisis that significantly reduced the supply of debt and increased risk premiums throughout global financial markets. The crisis was not confined to a single debt vehicle or industry but was spread across almost all debt instruments and all industries. More recently, the global epidemic caused by a novel strain of coronavirus (COVID-19) could result in a general economic decline that could adversely impact the global financial markets, the Funds, the Fund Investments, and/or the Funds' ability to source new investments or to realize its investments, in particular if such an epidemic persists for an extended period of time or continues to spread globally. Consequently, many of the risks that the Funds will face operating in this environment are unusually difficult to predict. These recent events caused by the global epidemic related to COVID-19 may make any recovery in these markets that much more difficult to achieve during the Funds' term. As a result, there can be no assurance as to the timing or the extent of any recovery of these markets and as such these markets may deteriorate further, thereby potentially resulting in a significant loss of capital.

Constraints on the Feeder Funds' Ability to Make Distributions to the Limited Partners. It is anticipated that the Master Fund will depend on distributions from the ACRE REITS (and, if applicable, the Alternative Investment Vehicles) out of their earnings and cash flows to enable the Master Fund to make distributions which in turn enable the Feeder Funds to make distributions to the Limited Partners. Determinations by the ACRE REITS (and, if applicable, the Alternative Investment Vehicles) with respect to making distributions are major decisions subject to approval by the majority of the members of such entity's board of directors. The ability of the Master Fund and the ACRE REITS (and, if applicable, the Alternative Investment Vehicles) to make distributions or pay dividends may be subject to various limitations, including, among other things, laws limiting the amount of funds available for the payment of dividends or distributions, and the terms and covenants of any relevant outstanding indebtedness, contract or agreement. For example, tests (based on interest coverage or other financial ratios, delinquency levels or other criteria) may restrict the ability to receive cash flow from these Fund Investments. There can be no assurance any such performance tests will be satisfied. Also, the investment vehicles may take actions that delay distributions in order to preserve ratings and to keep the cost of present and future financings lower. Consequently, there may be a lag, which could be

significant, between the repayment or other realization on a Loan or other assets in an investment vehicle and the distribution of cash out of an investment vehicle, or cash flow may be completely restricted for the life of the investment vehicle.

Financing providers will often receive current payments of principal and interest from financed assets at times when the factors enumerated above preclude distributions to the Funds. In addition, a decline in the credit quality of a Fund Investment due to poor operating results of the relevant borrower or issuer, declines in the value of the collateral supporting such Fund Investment or increases in defaults, among other things, may force the ACRE REIT (or, if applicable, the Alternative Investment Vehicles) to sell financed assets at a loss, reducing their earnings and, in turn, cash potentially available for distribution to the Master Fund, which in turn reduces the cash potentially available for distribution to the Feeder Funds for distribution to the Limited Partners.

Business and Regulatory Risks of Private Investment Funds. Legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the Funds, their investment results and/or some or all of the Limited Partners. The regulatory environment for private investment funds is evolving, and changes in regulation may adversely affect the value of the Fund Investments and the ability of the Funds to pursue their investment objective. In that regard, the Funds may be adversely affected as a result of new or revised legislation, or regulations imposed by the SEC, U.S. Internal Revenue Service (the “IRS”), other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. The Funds or some or all of the Limited Partners also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which the Funds conduct business. New laws or regulations may also subject the Funds or some or all of the Investors to increased taxes or other costs. The effect of any future regulatory change on the Funds could be substantial and adverse.

Cyber Security Breaches and Identity Theft. The Funds’ information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Funds intend to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Funds may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Funds’ operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Funds’ reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Side Letters and Other Similar Agreements. Each of the Feeder Funds and/or the Master Fund may enter into side letters with certain Limited Partners, whereby such Limited Partners may be subject to terms and conditions that are more advantageous than those set forth in the Governing Documents. For example, such terms and conditions may provide for special rights to make future investments in the Funds, other investment entities or managed accounts; rights relating to frequency, notice, a reduction or rebate in fees to be paid by the Limited Partners and/or other terms; rights to receive reports from the Funds on a more frequent basis or that include information not provided to other Limited

Partners (including, without limitation, more detailed information regarding Fund Investments) and such other rights as may be negotiated by the General Partner, on the one hand, and such Limited Partners, on the other hand. The modifications are solely at the discretion of the General Partner and may, among other things, be based on the size of the Limited Partner's capital commitment to the Funds or affiliated investment entity, or other similar commitment by a Limited Partner to the Funds.

In connection with its anticipated agreement to invest alongside the Master Fund in the ACRE REITS (and, if applicable, the Alternative Investment Vehicles), the ARS Feeder (and certain of its affiliates) and certain affiliates of the Adviser have entered into certain agreements regarding the management and operation of the Funds, including matters related to the governance of the General Partner, the Adviser and the ACRE REITS (and, if applicable, the Alternative Investment Vehicles) and the capital commitments of the ARS Feeder. The terms and limitations set forth in such agreements could restrict the General Partner's or the Adviser's ability to operate certain Feeder Funds and the Master Funds in an efficient manner and could otherwise have a general adverse impact on such entities. The Limited Partners will not be afforded rights similar to those set forth in such agreements.

Fair Value Measurements and Other Changes in Accounting Rules. The Funds' assets and liabilities are valued in accordance with the valuation policies set forth in the applicable Fund documents. For purposes of preparing the Funds' financial statements, which are prepared in accordance with U.S. or international generally accepted accounting principles ("GAAP"), certain of the Fund's assets and liabilities may be valued in a manner that, while consistent with U.S. or the applicable international GAAP, is different from the manner in which such assets are valued pursuant to the Fund documents.

Specifically, for purposes of U.S. GAAP-compliant financial reporting, the Fund is required to follow a specific framework for measuring the fair value of their assets and liabilities, and is required to provide certain additional disclosures regarding the use of fair value measurements in their audited financial statements. Many of these requirements are set forth in FASB Accounting Standards Codification Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"), which defines and establishes a framework for measuring fair value under U.S. GAAP and expands financial statement disclosure requirements relating to fair value measurements.

Additional FASB accounting guidance, and additional provisions of U.S. GAAP, that may be adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of U.S. GAAP-compliant financial reporting.

Tax Treatment. The income tax aspects of an investment in the Feeder Funds are complicated, and each prospective investor should review them with their own professional advisors familiar with the investor's personal income tax situation and with the income tax laws and regulations applicable to the investor and investment limited partnerships. There may be changes in tax laws or interpretations of such tax laws adverse to the Funds or the Limited Partners. There can be no assurance that the structure of the Funds or of any investment will be tax-efficient for any particular Limited Partner. Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes. There can be no assurance that the Feeder Funds will make annual distributions in the amount necessary to pay all tax liabilities resulting from a Limited Partners' Interest.

Failure to Qualify as a REIT. If the ACRE REITS lose or revoke their REIT status, the ACRE REITS will face serious tax consequences that will substantially reduce the funds available for distribution to the Master Fund because (i) the ACRE REITS would not be allowed a deduction for

distributions to the Master Fund in computing their taxable income; therefore, the ACRE REITS would be subject to federal income tax at regular corporate rates, and the ACRE REITS might need to borrow money or sell assets in order to pay any such tax; (ii) the ACRE REITS also could be subject to increased state and local taxes; and (iii) unless the ACRE REITS are entitled to relief under statutory provisions, it also would be disqualified from taxation as a REIT for the four taxable years following the year during which it ceased to qualify. Similarly, the foregoing factors would also apply to each other Alternative Investment Vehicle that has elected to qualify as a REIT to the extent such Alternative Investment Vehicle loses or revokes its REIT status. As a result of all those factors, a failure to achieve or a loss or revocation of the ACRE REITS' status (or, if applicable, the status of any other Alternative Investment Vehicle that has elected to qualify as a REIT) could have a material adverse effect on its financial condition and results of operations and would adversely affect the value of the Interests.

Even if the ACRE REITS (or, if applicable, any other Alternative Investment Vehicle that elects to qualify as a REIT) qualifies as a REIT, it will be subject to certain federal, state and local taxes on its income and property.

Changes in Laws Applicable to REITs. Although the ACRE REITS (or, if applicable, any other Alternative Investment Vehicle that elects to qualify as a REIT) believes that they will adequately assess and account for its potential tax liabilities, and that its tax estimates will be reasonable, there can be no assurance that additional taxes will not be due upon audit of its tax returns or as a result of changes to applicable tax laws. The U.S. government is continually discussing changes to the corporate recognition and taxation of income. The nature and timing of any changes to the tax laws and the impact on the future tax liabilities of the ACRE REITS (and, if applicable, any other Alternative Investment Vehicle that elects to qualify as a REIT) in the U.S. cannot be predicted with any accuracy but could materially and adversely impact its results of operations and cash flows.

Accounting for Uncertainty in Income Taxes. The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("ASC 740") to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. Prospective investors should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the value of the Funds' assets, including reducing the value of the Funds' assets to reflect reserves for income taxes that may be payable in respect of prior periods by the Funds. This could adversely affect certain Limited Partners, depending upon the timing of their purchase and withdrawal of Interests.

COVID-19 Pandemic May Have an Adverse Impact. A respiratory illness caused by a novel strain of coronavirus (COVID-19) was identified in Wuhan, Hubei Province, China, in December 2019, and has since spread globally, including to every state in the United States. The outbreak of COVID-19 has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by instituting mandatory or voluntary quarantines, as well as the closure of schools and businesses and restrictions on travel. As a result, the COVID-19 pandemic is negatively impacting almost every industry directly or indirectly, including the real estate industry.

COVID-19 (or a future pandemic) could have material and adverse effects on the Funds' operations, performance, financial condition, results of operations, and cash flows due to, among other factors, the Funds' ability to access capital and illness of the management team or key employees of the General Partner or the Funds. The extent to which COVID-19 impacts the Funds' operations will

depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity, and duration of the outbreak, the actions taken to contain the outbreak or mitigate its impact, and the direct and indirect economic effects of the outbreak and containment measures, among others.

The COVID-19 pandemic and the measures taken to limit its spread are negatively impacting the global, national, and regional economies generally and many industries, directly or indirectly, and those impacts are likely to continue and may increase in severity, including potentially triggering a national or global recession or a prolonged period of negative or limited economic growth. Any such recession or period of negative or limited economic growth may have an adverse impact on the business, results of operations, financial condition, and liquidity of the Funds.

Potential Conflicts of Interest

There will be occasions when the Adviser and its respective affiliates may encounter potential conflicts of interest in connection with the Funds' activities. Prospective investors should be aware that there will be occasions when the Adviser and its affiliates may encounter potential conflicts of interest in connection with the Funds. The following is not necessarily a comprehensive list of all potential conflicts of interest that the Adviser and its affiliates may encounter. By investing in Interests, each Limited Partner will be deemed to have acknowledged the existence of any actual and/or potential conflicts of interest (including those set forth herein) and to have waived any claim, to the fullest extent permitted by law, with respect to any liability arising from the existence of any such conflicts of interest.

Certain Management and Affiliate Conflicts. The Adviser and its affiliates may provide investment management services or real estate advisory services to other investment funds and may, in the future, carry on investment activities or provide real estate advisory services for other clients, including, without limitation, other investment funds, separately managed accounts and co-investment opportunities (for clients which may or may not be current Limited Partners) and whose respective investment programs may or may not be the same or substantially similar to the Funds' investment program. In addition, the Adviser and its affiliates may provide investment advisory services to clients on a discretionary or non-discretionary basis. The objectives of such advisory services may be different than, or conflict with, the investment objectives of the Funds.

Affiliate Transactions. The Funds may transact with and/or engage the General Partner and any of its affiliates for services in connection with any action or Fund Investment, provided that the terms of such engagement are on an arm's-length basis and no less favorable than those that could be obtained from unaffiliated third parties.

Time and Commitment. Subject to the terms of the Governing Documents, the Adviser and its affiliates and their officers, principals and employees will devote as much of their time to the activities of the Funds as they deem necessary and appropriate. In addition, the Adviser and its affiliates may form other investment vehicles, enter into other investment management relationships or engage in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of the Adviser and its affiliates.

Allocation of Investment Opportunities. As described in the Governing Documents, in some instances, Fund Investments may be made available to and shared with co-investors (in connection therewith the Adviser and its affiliates may receive carried interest and management fees), and thus, not all amounts available to the Funds relating to a Fund Investment will be presented to the Funds.

It may be possible that the Adviser and its affiliates may have an economic interest in diverting certain investment opportunities to any predecessor entity, or other funds or client accounts, whether existing now or in the future, managed by the Adviser and its affiliates (collectively, “Other Funds”). In addition, it may be possible that Other Funds may compete with the Funds for investments and conflicts may arise in determining whether an investment opportunity will be offered to the Funds or the Other Funds. The Principals are interested in the success of each Other Fund because they have fiduciary responsibilities to investors in those funds. The Other Funds may have similar investment objectives as the Funds and, in addition, may compete with the Funds for investment opportunities.

Portfolio companies in which the Other Funds have invested may also compete with the Fund for investment opportunities, and the Principals may refer investment opportunities to such companies that might be suitable for the Funds. The Principals and the General Partner will endeavor to resolve any such conflicts in a reasonable manner, taking into account, inter alia, the investment policies and objectives of each fund.

Effect of Carried Interest. The existence of the Carried Interest may create an incentive for the Funds to make more speculative investments than it would otherwise make in the absence of such performance-based compensation.

Material, Non-Public Information. By reason of their responsibilities in connection with previous investment activities with other fund sponsors or in connection with other activities of the Adviser and its affiliates, certain employees of the Adviser and its affiliates may have acquired confidential or material, non-public information and may be restricted from initiating certain investments. Neither the Funds nor the Adviser and its affiliates will be free to act upon such information. Due to these restrictions, the Funds may not be able to initiate an investment that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Diverse Investor Group. The Limited Partners and the limited partners or members of any parallel partnerships may have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of Fund Investments made by the Funds, the structuring or the acquisition of Fund Investments and the timing of disposition of Fund Investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Funds including, without limitation, with respect to the nature or structuring of Fund Investments that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to Limited Partners’ individual tax situations. In addition, the Funds may make Fund Investments that may have a negative impact on related investments made by the Limited Partners in separate transactions. In selecting and structuring Fund Investments appropriate for the Funds, the investment and tax objectives of the Funds and the Limited Partners as a whole will be considered by the Funds as opposed to the investment, tax or other objectives of any Limited Partner individually. For the avoidance of doubt, the ARS Feeder’s role with respect to the ACRE REIT is that of a co-investor, and not as a fiduciary on behalf of the other funds. In such capacity, the ARS Feeder can make decisions regarding, inter alia, new or existing investments, incurrence of debt and the amount and timing of distributions that is in the ARS Feeder’s best interests without regard to the consequences to the Master Fund, the other feeder funds and their limited partners.

Responsibility to Other Funds. The Adviser and its affiliates intend to provide services and give advice to Other Funds. The Other Funds may invest in parallel with the Funds and/or co-invest in portfolio investments with the Funds, including through a joint or other commingled account or through

a “master” partnership or other vehicle. There will be no limitation with respect to the Adviser’s other activities and investments or with respect to the activities of other investment portfolios managed by the Adviser’s affiliates. The Adviser and its affiliates, the members of the boards of managers of the ACRE REIT and (if applicable) the Alternative Investment Vehicles, and their respective affiliates, principals, officers, directors, agents, representatives, shareholders, partners and members (the “Affiliated Parties”) may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Funds. Without limiting the generality of the foregoing, the Affiliated Parties may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts, family offices or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. These other entities or accounts may have different terms of investment (including different fee and liquidity terms), investment objectives or may implement investment strategies that are similar to, or different from, those of the Funds.

In addition, the General Partner or one of its affiliates may act as the general partner or manager in respect of the Other Funds. Accordingly, some of the Affiliated Parties will be required to perform services and devote time and experience in relation to the operation and administration of the Other Funds, which may occur in conflict with the interests of the Funds.

The Affiliated Parties may therefore have conflicts of interest in allocating their time and activity among the Funds and other entities in respect of which they may be contractually bound to act. No Limited Partner will be entitled to any of the profits that may be generated from those other activities. The applicable Affiliated Parties will use their reasonable efforts in connection with the purposes and objectives of the Funds and will devote so much of their time and effort to the affairs of the Funds as may, in their judgment, be necessary to accomplish the purposes of the Funds.

Resolution of Conflicts. The Funds may co-invest in Fund Investments with other companies, funds, partnerships, or vehicles advised by or affiliated with the General Partner, the Principals, and their affiliates, which could present conflicts when the investment objectives of the advisers or affiliates are different. Conflicts may also be presented when a particular Fund Investment is being acquired (or divested) by the Funds at a time when affiliated companies or other clients of the Adviser’s affiliates are selling (or purchasing) an interest in such Fund Investments. There may also be transactions between parties who are advised by or are members of the General Partner and their affiliates. The advisers may advise other investment vehicles investing in public market equities. The Funds intend to mitigate potential conflicts generally by transacting on an arm’s length basis.

In no event should this Brochure be considered to be an offer of interests in the Funds or relied on in determining to invest in the Funds. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed solely to provide information about the Adviser for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the Governing Documents and/or offering documents for the Funds.

Item 9 - Disciplinary Information

If there are any legal or disciplinary events that would be material to an investor’s evaluation of an adviser or the integrity of an adviser’s management, registered investment advisers are required to disclose all material facts regarding such events.

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

Item 10 - Other Financial Industry Activities and Affiliations

The Adviser is affiliated with the General Partners, which are investment advisers subject to the Adviser's SEC registration under the Advisers Act in accordance with SEC guidance. These entities operate, for registration purposes, as a single advisory business together with the Adviser and serve as general partners to the Funds and generally share with the Adviser common owners, officers, partners, employees, consultants or persons occupying similar positions.

Certain Principals of the Adviser are members of the committees responsible for investment decisions for three equity real estate private funds (the "ACRE Funds") sponsored by related private investment firms, ACRE II PTE LTD and ACRE III PTE LTD ("ACRE"). The investment strategy of the ACRE Funds differs from the investment strategy of the Funds. Neither the Adviser nor ACRE controls the other. These Principals expect to continue their current roles with ACRE in connection with the ongoing management of the ACRE Funds. In addition, other Adviser personnel will be available to support ACRE and its operations. ACRE and its other personnel, including other members of the ACRE investment committee, will have no management authority or other participation in the ongoing operations of the Adviser and its business, including the investment decisions for the Funds.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Adviser has adopted a written Code of Ethics (the "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid any actual, potential or perceived conflicts of interest or abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on restricted securities; requires pre-clearance of personal trades of an IPO, a new private placement, and other limited offerings; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client's interests in Client eligible investments. A copy of the Code will be provided to any investor or prospective investor upon request to Leslie Menkes, Chief Compliance Officer, at (212) 266-6900 or les@acremgt.com.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the Adviser has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, access persons of the Adviser are deemed to be in receipt of material, non-public information, in all instances where any access person of the Adviser has received material, non-public information and, therefore, such access person(s) may not trade on the basis of that information.

Accordingly, should the Adviser or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company,

the Adviser generally would be prohibited from communicating such information to Clients, and the Adviser will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser personnel serving as directors of public companies and may restrict trading on behalf of Clients, including a Fund.

Principals and employees of the Adviser and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of the Adviser, as well as third-party Investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under Item 8. “Methods of Analysis, Investment Strategies and Risk of Loss.”

The Adviser and its affiliates, Principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

In borrowing on behalf of a Fund, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund’s preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

The Adviser will effect such borrowings in a manner it believes to be fair and equitable to the relevant Fund, and consistent with the Adviser’s obligations to the Fund under the Governing Documents.

Item 12 – Brokerage Practices

The Adviser focuses on private securities transactions generally through privately negotiated transactions in which the services of a broker-dealer are generally not retained. However, to the extent

that the Adviser engages in public securities transactions or otherwise uses the services of a broker-dealer, it follows the brokerage practices described below.

In determining to retain a broker-dealer, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

Item 13 - Review of Accounts

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities held by a Fund. The Adviser has an Investment Committee that reviews each investment recommendation(s) and may approve, reject or take other action with respect to such recommendation. The Adviser closely monitors the Funds' investments. In addition, the ACRE Credit REIT is governed by a board of directors consisting of six board seats, three of which will be filled by the Principles on behalf of the Master Fund and three of which will be filled by members appointed by the ARS Feeder, which invests alongside the Master Fund in the ACRE Credit REIT. Under the terms of the ACRE REITS' Governing Documents, all major decisions or actions taken by the ACRE REITS (including, but not limited to all investment related decisions), will require the approval of the majority of the members of their board of directors.

Each Fund generally will provide to each of its Limited Partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

Item 14 – Client Referrals and Other Compensation

From time to time, the Adviser may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Limited Partner in a Fund. Any fees payable to any such placement agents will be borne by the Adviser indirectly through an offset against the 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, typically are borne by the relevant Fund(s).

Item 15 - Custody

Each Client's cash and securities is required to be maintained by a "qualified custodian" in such Client's name, unless the security is otherwise exempt from this requirement (e.g., certain privately offered securities).

The General Partner or managing member of a Fund (each of which is an affiliate of the Adviser) is deemed to have "custody" of the assets of such Fund. The financial statements of the Funds are (a) prepared in accordance with GAAP, (b) audited by an independent accounting firm that is registered with, and subject to regular examination by, the Public Company Accounting Oversight

Board and (c) distributed to each Fund's investors (i) within 120 days following such Fund's fiscal year end and (ii) promptly after liquidation. Accordingly, the Adviser is exempt from the requirements of certain aspects of Rule 206(4)-2 under the Advisers Act for each such Fund.

Item 16 - Investment Discretion

The Adviser has discretionary authority to manage investments on behalf of each Fund. However, as previously noted, the ACRE REITS are each governed by a board of directors consisting of six seats and all investment decisions require the approval of the majority of the members of the board. Additionally, and pursuant to the terms of the Government Documents, the Adviser and/or its affiliates may enter into Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Adviser assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the Investors in each Fund.

Item 17 - Voting Client Securities

The Adviser's investment strategy involves private equity investments. As a result, the Adviser does not generally hold Fund investments in public equity securities and therefore does not generally receive proxies on behalf of its Clients.

Item 18 - Financial Information

The Adviser does not require the prepayment of Management Fees six months or more in advance.

The Adviser is not aware of any financial condition or commitment that is reasonably likely to impair its ability to satisfy its contractual and fiduciary commitments to each of its Clients.

The Adviser has never been the subject of a bankruptcy proceeding.