

Item 1 – Cover Page

Berkadia Capital Advisors LLC

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This brochure provides information about the qualifications and business practices of Berkadia Capital Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 215-328-3978. 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 and registration as an Investment Adviser does not imply any level of skill or training.

Additional information about Berkadia Capital Advisors LLC also is available at the SEC's website www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure, dated March 22, 2023, serves as the annual update for 2022. This amendment reflects changes in the amount of regulatory assets under management. There are no other material changes to the Brochure.

Important Note about this Brochure

This Brochure is not:

- ***an offer or agreement to provide advisory services to any person***
- ***an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle***
- ***a complete discussion of the features, risks or conflicts associated with any investment vehicle or advisory service***

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), Berkadia Capital Advisors provides this Brochure to current and prospective clients and can also, in its discretion, provide this Brochure to current or prospective investors in an investment vehicle, together with other relevant documents, such as the investment vehicle’s offering or private placement memorandum, organizational documents and other related documents, as applicable (“Governing Documents”), prior to, or in connection with, such persons’ investment in an investment vehicle. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of Berkadia Capital Advisors, persons who receive this Brochure (whether or not from Berkadia Capital Advisors) should be aware that it is designed solely to provide information about Berkadia Capital Advisors as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure could differ from information provided in the Governing Documents. More complete information about each investment vehicle is included in its Governing Documents, certain of which are provided to current and eligible prospective investors only by Berkadia Capital Advisors or its affiliate. To the extent that there is any conflict between discussions herein and similar or related discussions in applicable Governing Documents, the Governing Documents shall govern and control.

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Item 4 – Advisory Business

Berkadia Capital Advisors, a Delaware Limited Liability Company, commenced operations in January of 2021 and has been registered with the SEC as an investment adviser since April of 2021. Berkadia Capital Advisors advises an investment vehicle that invests in short-term commercial mortgage loans primarily to middle market owners of multi-family properties (“Bridge Loans”) and in the future expects to advise one or more additional investment vehicles (which can include multi-investor funds, funds of one and/or separately managed account arrangements) (each a “Client”) for sophisticated institutional investors such as insurance companies and sovereign wealth funds that will invest in Bridge Loans.

Berkadia Group

Berkadia Capital Advisors is part of the Berkadia group of companies (the “Berkadia Group”), which was formed in 2009 as a joint venture of Berkshire Hathaway and Leucadia National Corporation (now Jefferies Financial Group). The Berkadia Group offers a broad spectrum of services to customers involved in the multi-family and commercial property industry including, among other things: (i) commercial mortgage loan origination, underwriting, brokerage and servicing services (including services with respect to Bridge Loans), which are conducted exclusively by Berkadia Commercial Mortgage LLC and Berkadia Commercial Mortgage Inc. (together, “BCM”), (ii) commercial real estate property sales and related brokerage services, which are conducted exclusively by Berkadia Real Estate Advisors LLC and Berkadia Real Estate Advisors Inc., (together “BREA”) and (iii) affordable housing tax credit syndication services, which are conducted exclusively by Berkadia Affordable Tax Credit Solutions.

Berkadia Capital Advisors’ investment advisory services (described below) are intended to be complementary to the services provided by other members of the Berkadia Group to their multi-family and commercial property clients (“Berkadia Group Customers”), which includes loan origination, servicing, refinance and property sale opportunities related to a borrower, a related person of a borrower or a property securing a Bridge Loan, or otherwise in connection with a Bridge Loan held by Clients and will receive fees or other compensation or have an opportunity to earn or receive other remuneration or pecuniary benefits in connection therewith – creating various conflicts of interest, which are described in more detail throughout this Brochure. For example, Berkadia Capital Advisors expects that BCM will underwrite and originate substantially all of the Bridge Loans in which a Client will invest, directly or through an affiliated entity, and that each Client who invests in a Bridge Loan so originated will purchase all or a portion of the Bridge Loan or a participation in such Bridge Loans from BCM or a Berkadia Group affiliate or from another Client. When BCM originates Bridge Loans and sells (or participates) them to Clients, the Berkadia Group expects to receive underwriting, closing, exit and origination fees, servicing fees, administrative support fees, expense reimbursements and other Berkadia Group Benefits.

Because Berkadia Group Customers include Clients, borrowers, purchasers or sellers of a property, and others who have an interest (pecuniary or otherwise) in the Bridge Loans in which Clients will invest or the properties securing those Bridge Loans, Berkadia Capital Advisors will face a variety of conflicts of interest. For example, borrowers on the Bridge Loans, or their related persons, will be Berkadia Group Customers because BCM will act as a mortgage broker (among other functions) in connection with their Bridge Loan and, in many cases, these same borrowers or their affiliates will be consumers or prospective consumers of other Berkadia Group services (e.g., retaining BREX in connection with the purchase or sale of a property). Opportunities in respect of Berkadia Group Customers will be directed to members of the Berkadia Group who will receive fees or other compensation or have an opportunity to earn or receive other remuneration or pecuniary benefits (“Berkadia Group Benefits”). Clients will often bear expenses related to such services or sales. Except as otherwise agreed in a Client’s Governing Documents, Berkadia Group Benefits paid (or costs and expenses borne) by a Berkadia Group Customer or third party will not be shared with a Client, even if related to or in connection with a Bridge Loan held by that Client.

Berkadia Capital Advisors’ Services

Berkadia Capital Advisors' ability to freely and fully invest committed capital is limited by the Client’s investment mandate (*i.e.*, the investment objectives, criteria, restrictions and other limitations that will apply to our management of a Client’s assets), which will be set forth in the organizational, offering and/or investment advisory documents for the Client (“Governing Documents”). Investment advice is provided directly and individually to each Client, not tailored to any particular investor in a Client, but remains subject to the direction and control of the Client’s managing member, general partner or similar entity (as applicable), which we expect will be Berkadia Capital Advisors or an affiliate. While Berkadia Capital Advisors does not tailor its advisory services for a particular investor, it can consider input from investors or prospective investors in setting a Client’s investment mandate. The terms of the Governing Documents, including the investment mandate, can differ from client to client and a general partner or managing member can, on behalf of a Client that is a pooled investment vehicle, enter into side letters with one or more investors in such Client. A side letter can include modifications to the investment mandate for tax, regulatory or other reasons.

Berkadia Capital Advisors engages third party service providers to provide appropriate support for the services it provides to its clients. In doing so, Berkadia Capital Advisors employs both affiliated and non-affiliated entities with the relevant expertise in the areas of support required. All such engagements, including those with affiliates, are entered into with pricing, terms and conditions that are reasonable under the circumstances and otherwise documented pursuant to written agreements that are generally typical in the market.

Although each Client will have a particular investment mandate, Berkadia Capital Advisors expects that its Clients will invest in Bridge Loans that range on average from \$10 million to \$50 million in original principal amount. These Bridge Loans are expected to be made to non-institutional borrowers who are seeking interim financing for up to forty-eight (48) months, pending their properties qualifying for: (a) permanent loan financing through a Berkadia Group company or established commercial loan programs such as those offered by Fannie Mae, Freddie Mac, FHA/HUD, insurance companies and CMBS platforms, or (b) a sale. Notwithstanding the foregoing, Clients will also hold, from time to time, certain short-term and cash management investments consistent with the Client's Governing Documents.

As of December 31, 2022, Berkadia Capital Advisors has \$862,845,837 regulatory assets under management.

Item 5 – Fees and Compensation

Berkadia Capital Advisors' Clients (and, indirectly, investors in those Clients) are subject to a variety of fees and expenses, as described in more detail in each Client's Governing Documents. In addition, certain Berkadia Group Benefits will inure to Berkadia Capital Advisors or other Berkadia Group companies in connection with services provided to borrowers, a Client or a Berkadia Group Customer that relate to the Bridge Loans or otherwise are related to a Client's investments or operations. In some cases, as discussed below, these are borne by Clients and, as discussed in Item 10, even where not borne by a Client, the possibility to increase Berkadia Group Benefits represents a conflict of interest for Berkadia Capital Advisors.

Advisory and Management Fees

Fees are separately established for each Client on an individualized basis and set forth and described in the Client's Governing Documents. In some cases, Berkadia Capital Advisors can charge different fees to different investors in a Client.

Berkadia Capital Advisors will not always charge management fees for its advisory services. Where present, management fees are generally be calculated pursuant to an agreed upon formula as set forth in the Client's Governing Documents, which can be based on a percentage of the aggregate amount of capital committed to a Client, the value of investments made and to be made by a Client or on such other basis as is agreed. Payment terms for each Client are as agreed and set forth in the Client's Governing Documents. Currently, Berkadia Capital Advisors does not anticipate charging performance-based or other incentive fees or carried interest but does expect that one or more Berkadia Group companies will take economic interests in one or more Clients, generally through a Client's limited partner or non-managing member (or through a similar interest for Clients using another form of organization). Berkadia Capital Advisors has

an incentive to favor Clients in which it has relatively greater pecuniary interests over Clients in which it has a relatively smaller (or no) pecuniary interest.

Other Costs and Expenses

In addition to (and irrespective of) any fees paid to Berkadia Capital Advisors in respect of management services, Clients bear a variety of costs and expenses associated with investing in, holding or selling Bridge Loans and/or operating and administering the Client. The actual costs and expenses that each Client bears are specific to each Client and, in each case, subject to the Client's Governing Documents. However, it is expected that each Client bears its proportionate share of costs and expenses for services provided by one or more Berkadia Group companies (including Berkadia Capital Advisors). In some cases, these costs and expenses will represent or include reasonably estimated allocations of overhead incurred in the course of providing the services in question. Among the services that are provided by Berkadia Capital Advisors or other companies within the Berkadia Group are: loan origination; underwriting; closing; servicing; and operational and administrative support. Depending on the nature of the service and the terms of the related Bridge Loan, Clients bear costs and expenses associated with certain of these services; while costs and expenses for other services provided are borne by another Berkadia Group Customer (e.g., the borrower).

Even where Clients do not bear such expenses, the provision of services by Berkadia Capital Advisors or other Berkadia Group companies in relation to the Bridge Loans or underlying properties gives rise to conflicts of interest, to the extent that Berkadia Capital Advisors has the authority to select (or influence the selection of) a Berkadia Group company to provide a service. While Berkadia Capital Advisors seeks to select (or recommend) service providers that it believes would be in the best interests of each Client and to negotiate or charge reasonable rates for services provided by itself or an affiliate, the cost of a service provided by a Berkadia Group company is not necessarily the lowest cost or most effective available for such services in the market. Clients understand that the Berkadia Group also profits by virtue of receiving Berkadia Group Benefits that are related to the Bridge Loans.

Other general costs and expenses incurred by a Client, by Berkadia Capital Advisors or by another company within the Berkadia Group in connection with the services provided directly or indirectly to each investment vehicle that are passed through to, or paid directly by, the Client, can include (without limitation) costs and expenses incurred in connection with the operation of a Client, such as audit fees. Relevant costs and expenses for each Client are described in more detail in that Client's Governing Documents, but typically include: (i) organizational, offering, legal, filing, recording, auditing, consulting, administration, accounting, tax, insurance, banking, rating agency and other professional fees and expenses; (ii) expenses associated with periodic reporting and any amendments to Client Governing Documents; (iii) expenses associated with financial statements and tax returns; (iv) insurance, interest and other expenses incurred in respect of

borrowings, if any; (v) expenses associated with the acquisition, holding, monitoring, settlement, workout and disposition of a Client's investments (including, without limitation, any transaction, custody or hedging costs, and any other third party professional fees such as legal and consulting fees and valuation or appraisal fees and expenses incurred in respect of investment proposals which do not proceed to completion) (please see Item 12, "Brokerage Practices" for further information); (vi) the costs and expenses of any custodians, lenders, independent review parties, fund administrators, investment banks and other financing or banking sources and providers; (vii) any indemnity expenses; and (viii) the costs and expenses of any litigation involving a Client. The foregoing expenses can also include expenses for services provided by Berkadia Group companies.

Allocation of Costs and Expenses

Except where prohibited by a Client's Governing Documents, or as otherwise agreed with the Client, the foregoing costs and expenses are paid or reimbursed by Clients, even if no management fee is charged and will not offset management fees when a management fee is charged. Because different Clients' Governing Documents could have differing provisions with respect to the costs and expenses that each Client bears, in certain cases, Berkadia Capital Advisors is required to determine whether a fee, cost or expense should be borne by Berkadia Capital Advisors, another Berkadia Group company, one or more specific Clients, one or more specific investors in such Client(s), a borrower under a Bridge Loan held by one or more Clients, or by a third party. Certain fees, costs and expenses could be the obligation of one particular party or could be allocable among multiple parties. In any event, fees, costs, and expenses are first allocated in accordance with each investment vehicle's organizational and related documents. To the extent not addressed in such documents, Berkadia Capital Advisors makes allocation determinations among the applicable parties in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which could include pro rata allocations based on the respective total capital commitments of a Client, pro rata allocation based on the respective capital commitments of investors in a Client, or such other equitable method as determined by Berkadia Capital Advisors in its sole discretion).

Any portion of an expense allocated to a Client not permitted by its Governing Documents to bear such expense is borne, instead, by Berkadia Capital Advisors or Berkadia Group companies and not by those Clients to whom other portions of the expense has been allocated and which are permitted to bear such expense. Because the allocation of an expense is not always certain, Berkadia Capital Advisors must exercise judgment from time to time in the allocation of expenses. Berkadia Capital Advisors has an incentive to allocate all or a relatively larger portion of an expense to Clients whose Governing Documents permit them to bear the expense rather than to Clients who do not or to Berkadia Group.

Unless noted above or in a Client's Governing Documents and except for costs and expenses charged by service providers (including Berkadia Group), Berkadia Capital Advisors is to be responsible for the costs and expenses of its own internal general overhead (*i.e.*, the costs of its office space, salaries and other compensation of its employees, office services and supplies).

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

Berkadia Capital Advisors does not charge its clients performance-based fees at this time. Consequently, Berkadia Capital Advisors' fee structures do not create incentives for Berkadia Capital Advisors to make adverse or riskier investment decisions for its clients or the investment vehicles in which they invest.

Additionally, the loan investment criteria for each investment vehicle managed by Berkadia Capital Advisors and for loans made and/or serviced by other companies within the Berkadia Group are all sufficiently different, such that investment decisions made by Berkadia Capital Advisors for each investment vehicle are made objectively, without consideration for loan investments made by other investment vehicles managed by Berkadia Capital Advisors or loans originated and/or serviced by other companies within the Berkadia Group.

Item 7 – Types of Clients

Berkadia Capital Advisors advises an investment vehicle and expects to advise one or more additional investment vehicles (which could include multi-investor funds, funds of one and/or separately managed account arrangements) for large institutional investors, such as insurance companies and sovereign wealth funds. Other members of the Berkadia Group could also invest in a Client and it is expected that a Berkadia Group company will serve as the managing member or general partner of Clients that are multi-investor funds or funds of one. Where a Berkadia Group company takes an economic interest in a fund or fund-of-one, it is expected that such interest could be held through the member or limited partner.

Investors in a Client that is a privately placed pooled investment vehicle must meet such qualification standards, and satisfy any minimum commitment amounts, as are set forth in the Client's Governing Documents. Berkadia Capital Advisors may impose minimum commitment sizes for funds of one and separately managed account arrangements. These will be disclosed to Clients and Investors prior to investments being made.

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

Methods of Analysis and Investment Strategies

Investment opportunities identified and managed by Berkadia Capital Advisors for its Clients currently are expected to focus on short-term, "bridge loans" made to "middle market" owners of multi-family and commercial properties. These types of debt investments, which we refer to

herein as “Bridge Loans” generally consist of mortgage loans secured primarily by real property and other types of loans, directly or indirectly secured by interests in real property, in amounts ranging from \$10 million to \$50 million on average, to non-institutional borrowers who are seeking interim financing for up to forty-eight (48) months, pending their properties qualifying for: (a) permanent loan financing through a Berkadia Group company or established commercial loan programs such as those offered by Fannie Mae, Freddie Mac, FHA/HUD, insurance companies and CMBS platforms, or (b) a sale. Each Client’s mandate sets parameters for Bridge Loans that meet the Client’s investment objectives and restrictions and are consistent with the Client’s desired risk/return profile which could vary from the aforementioned amounts; Berkadia Capital Advisors uses the loan parameters established in each Client’s mandate to identify and select investment opportunities for that Client.

The Bridge Loans in which Clients invest are sourced, underwritten and originated by Berkadia Capital Advisors’ affiliate BCM through its nationwide mortgage banking / loan production network. Initial screening is conducted by the mortgage banking team before submission to the BCM underwriting team for more in-depth screening. The underwriting team screening includes analysis of historical property operations, market and submarket statistics, sponsor financial strength and experience, and the sponsor’s stated business plan. This evaluation results in an initial loan sizing and structuring that could meet one, both or neither of (i) the sponsor’s financing objectives and (ii) a Client’s investment mandate. To the extent the loan opportunity is consistent with a Client’s investment mandate, BCM forwards a summary of the transaction to Berkadia Capital Advisors for review. If Berkadia Capital Advisors confirms that the proposed terms are consistent with a Client’s investment mandate, BCM moves forward with a loan application and full due diligence with a view to making the loan available to Berkadia Capital Advisors for eligible Clients for which Berkadia Capital Advisors believes the Bridge Loan to be an appropriate investment at that time. If Berkadia Capital Advisors determines that: (i) the proposed terms are not consistent with any Client’s investment mandate; (ii) while within a mandate, the Bridge Loan is not, at that time, appropriate for any Client; or (iii) no Client has sufficient capital available to acquire or originate the Bridge Loan, BCM can move forward on the loan origination without any Client participating in or benefiting from that loan.

BCM’s full due diligence, or underwriting, of loans that have been identified as potential Client holdings conforms to industry-accepted standards including, but not limited to, the engagement of third-party vendors to provide objective, independent, expert opinions of property value, physical property condition, and evaluation of environmental risk; analysis of line item income and expenses, occupancy trends, rent growth trends, and the impact on the aforementioned by market and submarket forces; and diligence on the borrowing entity and its principals such as evaluation of financial statements and credit and legal searches. Other areas of analysis can include zoning compliance, title searches, and property and liability insurance reviews. The analysis of these and other items allows BCM to reach a conclusion regarding the

creditworthiness of the proposed loan. Berkadia Capital Advisors relies on this information provided by BCM in reaching its decisions as to whether to invest in a loan on behalf of Clients.

If the intended permanent financing exit strategy for the proposed loan is reasonably known by BCM at the time, that lender's general loan terms are incorporated into the creditworthiness evaluation. In such cases, the proposed loan, as sized and structured for Berkadia Capital Advisors' Client, must be eligible for the intended permanent lender at the proposed loan's maturity. If the intended permanent exit strategy is not reasonably known, BCM underwrites the loan to be eligible for the more conservative of the potential permanent lenders being considered.

Once complete, BCM forwards its final underwriting package to Berkadia Capital Advisors for final review and approval. Berkadia Capital Advisors can ask questions and request additional information from BCM, if Berkadia Capital Advisors believes additional information is necessary to determine whether the relevant loan is consistent with a Client's investment mandate and otherwise appropriate for the Client.

BCM acts as servicer of each closed Bridge Loan pursuant to a Servicing Agreement that requires BCM to conform to certain servicing standards and addresses any necessary default mitigation or special servicing. After a Bridge Loan closes, BCM (as servicer) provides regular reporting regarding: payment status; loan metrics; achievement of milestone events; and indications of maturity expectations, as available. Berkadia Capital Advisors works closely with BCM to timely determine whether any such Bridge Loans require, or could require, specialized asset management. Specialized asset management seeks to optimize the outcome of the loan given the circumstances of each transaction. In some cases, BCM could suggest, or Berkadia Capital Advisors could determine, that loan modifications are necessary. To the extent loan modifications are not expected to result in full repayment, Berkadia Capital Advisors evaluates the economics of other loan resolution options (such as a discounted payoff, foreclosure (or deed in lieu of foreclosure) or discounted note sale) to determine whether another option could result, in Berkadia Capital Advisors' reasonable judgment, in a more optimal outcome. As servicer, BCM can make resolution recommendations; however, Berkadia Capital Advisors remains ultimately responsible for determining how to address resolution on behalf of Clients holding an interest in the relevant Bridge Loan. As discussed below, other engagements of Berkadia Group companies can create conflicts of interest for Berkadia Capital Advisors and BCM in connection with troubled assets and their resolutions, as different resolution strategies can create opportunities for the Berkadia Group. For example, BCM could earn fees in connection with refinancing a loan or BREA could earn a commission on the sale of the property securing a troubled Bridge Loan. To mitigate these conflicts, Berkadia Capital Advisors complies with any required protocols set forth in a Client's Governing Documents and, subject to such protocols, decisions with respect to a permanent resolution are made by individuals at Berkadia Capital Advisors.

Berkadia Capital Advisors seeks to make investment decisions for each Client objectively, without consideration for loan investments made by a Berkadia Group company or other investment vehicles managed by Berkadia Capital Advisors or loans (other than Bridge Loans) originated and/or serviced by other companies within the Berkadia Group or any other economic incentive other Berkadia Group companies have with respect to a Bridge Loan, a borrower or a property. Because Clients' investment mandates restrict investments to Bridge Loans meeting certain loan criteria, which distinguishes eligible Bridge Loans from the types of loans generally made and/or serviced by other companies within the Berkadia Group, Berkadia Capital Advisors does not expect that a Client would invest in loans (other than Bridge Loans) that are made and/or serviced by a Berkadia Group affiliate. Additionally, while Berkadia Capital Advisors and BCM share personnel, the personnel who determine whether or not to acquire interests in a Bridge Loan on behalf of a Client are separate from those who underwrite loans for BCM.

Risk Factors

Berkadia Capital Advisors' investment activities on behalf of its Clients involve a significant degree of risk of loss that investors should be prepared to bear. This section contains a discussion of the primary risks associated with Berkadia Capital Advisors' investment activities on behalf of its Clients. However, it is not possible to identify all of the risks associated with investing, and the particular risks applicable to a Client will depend on the nature of the Client, its investment strategy or strategies and the types of investments it holds.

While Berkadia Capital Advisors seeks to advise its Clients so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Additionally, investors should understand that Clients will invest substantially all of their assets in Bridge Loans. Clients' accounts will, therefore, not be diversified and an investment in a Client is not intended to represent a complete investment program for any investor. Berkadia Capital Advisors expects that the assets it manages do not represent all of an investor's assets. Investors are responsible for understanding their other investments and a Client's investment activities, so that they can (if they so choose) appropriately diversify to guard against the risk of the loss of their investment in a Client, which could include the loss of all capital invested.

As the following is intended only as a summary of the principal risks associated with Berkadia Capital Advisors' investment activities on behalf of its Clients, investors should consult each Client's Governing Documents for a more complete discussion of the risks associated with an investment in that Client.

Real Estate Risk.

Real estate loans are subject to risks similar to those associated with the direct ownership of real estate, such as fluctuations in rental income, declines in real estate values and other risks related to local or general economic conditions, increases in operating costs and property taxes, potential environmental liabilities, changes in zoning laws, and regulatory limitations on rent. All of these factors have the potential to impact the ability of the borrower, relying on the cash flow of the property, to meet debt service obligations.

Illiquid Investment Risk.

Bridge Loans are not traded on any exchange and, as such, are generally viewed as having limited liquidity or being illiquid. As a result, a Client could be unable to sell a Bridge Loan even if Berkadia Capital Advisors determines that selling the loan would be advisable. Given the lack of a market for Bridge Loans, even if a sale can be arranged, the sales price could be less than the outstanding loan amount.

Diversification Risk.

Clients should not expect that accounts will be diversified. Even within the category of Bridge Loans, Client investments could be concentrated as a result of available opportunities and investment guidelines or restrictions imposed through a Client's investment mandate. In particular, Client accounts might not be diversified with respect to:

- Geography – Bridge Loans are sourced from a nationwide network of mortgage banking professionals but that does not guarantee that the Bridge Loans in which Clients could or do invest will be diversified across different geographic regions. Geographic concentration in a particular region increases the risk that adverse economic or other developments or a natural disaster or act of terrorism affecting that region could increase the frequency and severity of losses on the Bridge Loans.
- Loan Size – Berkadia Capital Advisors expects that each Client's mandate will allow for Bridge Loans generally ranging in size from \$10 million to \$50 million. However, there is no expectation that Bridge Loans held by a Client will be diversified across that range. Opportunities presented and investment strategies, among other factors, could result in a Client holding a relatively smaller number of loans of larger size instead of a relatively larger number of smaller loans. The fewer different loans held by a Client, the greater the risk that the deterioration of any one loan will have a more pronounced adverse impact on the performance of the Client's portfolio.

- Property Type – Berkadia Capital Advisors expects that Client owned Bridge Loans will be concentrated significantly in Bridge Loans secured by multi-family properties.

Competitive Market for Lending Opportunities.

The activity of identifying and completing attractive bridge lending opportunities is competitive and involves a high degree of uncertainty. Berkadia Capital Advisors expects to invest solely in Bridge Loans sourced by BCM and, as a result, Clients are subject to the risk that BCM will not be able to identify Bridge Loans that satisfy the Client's investment mandate or that it will not be able to invest fully its available capital. Competition for Bridge Loans could increase, which would reduce the number of opportunities available to Clients and/or adversely affect the terms upon which Bridge Loans are made. Market disruptions (such as that currently affecting debt markets) could prevent Clients from obtaining suitable investments.

Market Risks and Economic Conditions Risk.

National, regional, and local economic conditions impact the degree of success borrowers have executing business plans on collateral properties. Factors such as job availability, interest rates, inflation rates, loss of the underlying property due to acts of God, terrorist attack or other destructive forces, credit market disruptions, passage of new laws and regulations, rising energy prices or any other factors that affect the value of real estate.

The Outbreak of COVID-19 Has Adversely Affected, and Could Continue to Adversely Affect, Credit Markets, Commercial Real Estate Markets and the Global Economy in General.

The global COVID-19 pandemic and the responses thereto have led, and will likely continue to lead, to disruptions in global financial markets, significant increases in unemployment, significant reductions in consumer demand and downturns in the economies of many nations, including the United States, and the global economy in general. While vaccines have been developed and distributed, new variants of COVID-19 have shown to be resistant to vaccines and could exacerbate or prolong the pandemic and its effects. Additionally, the effectiveness of unprecedented financial support and relief measures (such as the Coronavirus Aid, Relief and Economic Security Act) implemented by the United States government and other governments is not yet clear, nor is it known what (if any) new stimulus or relief efforts will be implemented and the effectiveness and impact of these measures cannot be predicted. As a result, the long-term effects of the social, economic and financial disruptions caused by the COVID-19 pandemic remain unknown.

With respect to the Bridge Loans, it is expected that many borrowers will be (or continue to be) adversely affected by the COVID-19 pandemic due to unemployment and reductions in disposable income, as well as federal, state and local moratoria on eviction proceedings and

other mandated tenant forbearance programs. As a result, tenants might be unable to meet their rent obligations and landlords could have more limited options for recourse, which could in turn, adversely impact cashflows at the properties securing the Bridge Loans.

Also, the underwriting of Bridge Loans originated during the COVID-19 pandemic could be based on assumptions that do not reflect current or evolving conditions. Because a pandemic of the scale and scope of the COVID-19 pandemic has not occurred in recent history, historical delinquency and loss experience are unlikely to accurately predict the performance of the Bridge Loans.

Cybersecurity Risk.

Berkadia Group, Berkadia Capital Advisors and Clients' other service providers, as well as other market participants, increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Client's investments, despite efforts to adopt technologies, processes and practices intended to mitigate these risks and protect the security of computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information. Security breaches could lead to costs to research, repair, litigate perpetrators, and pay regulatory penalties.

Employee Fraud, Misconduct Risk.

Misconduct by employees of Berkadia Capital Advisors, BCM, affiliates, and service providers could cause significant losses. Misconduct can include, by way of example: entering into transactions without authorization; failure to comply with operational and risk procedures, including due diligence procedures; improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm; noncompliance with applicable laws or regulations; or the concealing of any of the foregoing. Such activities could result in reputational damage, litigation, business disruption and/or financial losses. Controls and procedures exist through which the risk of such misconduct occurring is reduced. However, no assurances can be given that Berkadia Capital Advisors will be able to identify or prevent such misconduct.

Commercial Bridge Loans Generally.

The Bridge Loans in which Clients will invest generally are non-recourse loans and if a default occurs with respect to a Bridge Loan, Clients generally would have recourse only to the underlying property that serves as collateral. The amount that can ultimately be realized upon sale of a property securing a Bridge Loan generally will vary based on, among other things, the position of the property within the market, the quality of the property securing the Bridge Loan, the current

or projected cash flow of the property, general economic conditions, and the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Except where and as required under BCM's servicing standard, neither Berkadia Capital Advisors nor any of its affiliates providing services in relation to a Bridge Loan is under any obligation to take any particular actions, or refrain from taking actions, designed to maintain the value of any property at any particular level.

Because most Bridge Loans are non-recourse, the ability of a borrower to repay the Bridge Loan typically depends primarily upon the successful operation of the property serving as collateral for such Bridge Loan. If the net operating income of the property is reduced (for example, if rental or occupancy rates decline or real estate tax rates or other operating expenses increase), the borrower's ability to repay the loan can be impaired.

The value of properties securing Bridge Loans can be affected by, among other things, tenant mix, property management decisions (including responding to changing market conditions, planning and implementing rental or pricing structures and causing maintenance and capital improvements to be carried out in a timely fashion), property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that can be charged, any need to address environmental contamination at the property and the occurrence of any uninsured casualty at the property.

The value of properties and net operating income necessary to repay Bridge Loans could also be adversely affected by other risks generally incident to interests in real property, including various events which the related borrower and/or manager of the commercial property, Berkadia Capital Advisors or other members of the Berkadia Group involved with the Bridge Loan often cannot predict or control, such as changes in general or local economic conditions and/or specific industry segments, declines in real estate values, declines in rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, environmental hazards, and social unrest and civil disturbances.

Adjustable-Rate Mortgage Loans.

Berkadia Capital Advisors currently expects that each Bridge Loan will bear interest at adjustable rates based on the Secured Overnight Financing Rate ("SOFR") or, with declining frequency the London interbank offered rate ("LIBOR") for one-month Eurodollar deposits or other established interest indices (subject to a rate conversion to the Secured Overnight Financing Rate ("SOFR"), together with LIBOR, "Reference Rate").

Because Bridge Loans bear interest at adjustable rates (generally based on an index or reference rate plus some spread and potentially subject to a minimum rate or "floor"), the amount of debt

service payments on each Bridge Loan will increase as interest rates rise. In contrast, rental and other income on the related properties is not expected to rise significantly as interest rates rise. Accordingly, debt service coverage ratios of Bridge Loans generally will be affected adversely by rising interest rates, and a borrower's ability to make all payments due on a Bridge Loan could be adversely affected. Conversely, falling interest rates (while good for borrowers), result in lower interest rates and over a sustained period can markedly reduce the internal rate of return on an adjustable-rate loan, which would have a negative impact on Client returns. For borrowers, the risk of rising interest rates can be mitigated through obtaining an interest rate cap agreement from an interest rate cap provider to protect against significant movements in a reference rate, although not all borrowers can or will obtain such protection. For Clients, interest rate risk can be mitigated through loans that include an interest rate floor (which establishes a minimum rate the borrower must pay, regardless of the reference rate); however, not every Bridge Loan in which Clients invest will necessarily include an interest rate floor.

Risks Associated with Interim Financing.

Because Bridge Loans are expected to be interim loans, upon maturity, borrowers will need to refinance or sell the related properties. Bridge Loans that provide for balloon payments to be due at their respective stated maturity dates unless prepaid prior thereto, which is a common feature of Bridge Loans, involve a greater likelihood of default than self-amortizing loans.

The ability of a borrower to refinance or sell will be affected by many factors, including the availability of financing at acceptable rates to such borrower, the operating history of the property, the financial condition of such borrower, the marketability of the property securing the Bridge Loan, prevailing general economic conditions, and the availability of credit for loans secured by multi-family real estate properties generally.

At the time a Bridge Loan is originated, a property securing the Bridge Loan could have been recently constructed and/or renovated, or currently be undergoing or be expected in the future to undergo renovation and stabilization of cash flow that is intended to permit the necessary refinancing or sale upon the maturity of the Bridge Loan. However, there can be no assurance that any such stabilization will occur or will be sufficient to fund debt service and/or operating expenses if income from the related property does not meet projections. Neither Berkadia Capital Advisors nor any other member of the Berkadia Group will be required to refinance any Bridge Loan (although, as discussed below, it is expected that a member of the Berkadia Group will generally refinance such loans or otherwise assist a customer that is a borrower on a Bridge Loan in disposing of a property). However, in order to forestall (or optimize recoveries upon) a default of a Bridge Loan, a Bridge Loan that is in material default or as to which a payment default (including the failure to make a balloon payment) is reasonably foreseeable could be extended and modified under certain circumstances and subject to certain limitations. There can be no assurance, however, that any such extension or modification will increase the present value of

recoveries in any given case. Any delay in the collection of a balloon payment, whether due to default or to modification of the related Bridge Loan, could result in losses for a Client holding that loan.

Risks Related to Redevelopment or Renovation.

Properties securing Bridge Loans can undergo significant redevelopment or renovation. In these cases, a borrower will sometimes either place funds in a capital expenditures or replacement reserve account for the purpose of planned renovations and property improvements or the related loan documents will provide for future advances for renovations or improvements. However, there can be no assurance that these amounts will be sufficient to cover the costs of such renovations or improvements or that the related borrower will satisfy the conditions required to obtain any or the entire amount of the future advances. There can be no assurance that any current or planned redevelopment or renovation will be completed, that such redevelopment or renovation will be completed in the time frame contemplated or that, when and if such redevelopment or renovation is completed, it will improve the operations at, or increase the value of, the related property. Failure of any of the foregoing to occur could adversely affect the ability of the related borrower to repay the related Bridge Loan.

If a borrower fails to pay the costs of work completed or material delivered in connection with such ongoing redevelopment or renovation, the portion of the property on which there are renovations could be subject to mechanics' or materialmen's liens that are senior to the lien on the related Bridge Loan.

The existence of construction or renovation at a property could also make the property less attractive to tenants or require that a portion of the property not be used during that renovation, which could have a negative effect on the borrower's ability to repay a loan.

Insurance.

Uninsured (or underinsured) losses could have a material adverse effect on the amount available to make payments on the related Bridge Loan and can reduce the amount realized by a Client. Although properties securing Bridge Loans generally are required to be insured against certain risks, there is a possibility of casualty loss with respect to any property for which insurance proceeds are not adequate (such as floods or terrorism risks) or which result from risks not covered by insurance (such as terrorism risks or hurricanes). If reconstruction (for example, following fire or other casualty) or any major repair or improvement is required at the property, applicable laws and governmental regulations could materially affect the cost to, or ability of, the borrower to effect such reconstruction, major repair or improvement.

Real Estate Participations.

Berkadia Capital Advisors could cause a Client to sell participations in the Bridge Loans that the Client holds or purchase participations in Bridge Loans. When buying participations, the buyer is exposed to the credit risk of the borrower and the institution selling the participation. While Berkadia Capital Advisors expects to cause a Client to enter into such arrangements only when it believes them likely to be beneficial to a Client, they do present certain risks not present in direct assignments of loans. For example, a Client selling a participation could be obligated to pay under the applicable participation agreement at a time when the Client has not received proceeds from the underlying Bridge Loan.

Risks Particular to Multi-family Properties.

Reduction in Occupancy and Rent Levels on Multi-family Properties Could Adversely Affect their Value and Cash Flow. A decrease in occupancy or rent levels at a property securing a Bridge Loan could result in realized losses. A large number of factors can adversely affect the value and successful operation of a multi-family property including:

- the property's reputation;
- the level of mortgage interest rates (which encourage tenants to purchase rather than rent housing);
- the generally short terms of residential leases and the need for continued reletting;
- rent concessions and month-to-month leases, which impact cash flow at the property;
- in the case of student housing facilities, which are often more susceptible to damage or wear and tear than other types of multi-family housing, the reliance on the financial well-being of the college or university to which it relates, competition from on-campus housing units, which can adversely affect occupancy, the physical layout of the housing, which might not be readily convertible to traditional multi-family use, and that student tenants have a higher turnover rate than other types of multi-family tenants, which in certain cases is compounded by the fact that student leases are available for periods of less than twelve (12) months;
- restrictions on the age of tenants who are permitted to reside at the property;
- state and local regulations, including rent control and rent stabilization;
- whether the property is subject to low-income housing use restrictions that limit income of tenants and rent for units;

- the presence of competing properties and residential developments in the local market;
- the existence of corporate tenants renting large blocks of units at the property, which in the event such tenant vacates would leave the property with a significant percentage of unoccupied space, and in the event such tenant was renting at an above-market rent can make finding replacement tenants difficult;
- the tenant mix, particularly if the tenants are predominantly students, personnel from or workers related to a military base or workers from a particular business or industry;
- incidences of tenant non-payment of rent due to the COVID-19 pandemic, and the difficulty of evicting nonpaying tenants due to a variety of factors, including government-mandated moratoriums on evictions, court closures, and local officials refusing to enforce eviction orders;
- bulk increases in vacancy resulting from successful eviction of non-paying tenants upon expiration of any government-mandated eviction moratoriums; and
- government assistance/rent subsidy programs.

Restrictions Imposed on Multi-family Properties by Government Programs Also Could Adversely Affect their Value and Cash Flow. Tax credit, city, state and federal housing subsidies, rent stabilization, elder housing or similar programs could apply to any or all of the multi-family properties securing Bridge Loans held by Clients. The limitations and restrictions imposed by these programs could result in realized losses on the Bridge Loans. These programs can include: (i) rent limitations that could adversely affect the ability of borrowers to increase rents to maintain the condition of their properties and satisfy operating expenses; and (ii) tenancy and tenant income restrictions that can reduce the number of eligible tenants for those properties and result in a reduction in occupancy rates. These restrictions could result in, among other things, a decrease in planned rental income, a decrease in the value of the property, or a change to the business or capital improvement plans. The differences in rents between subsidized or supported properties and other multi-family properties in the same area might not be a sufficient economic incentive for some eligible tenants to reside at a subsidized or supported property that has fewer amenities or is otherwise less attractive as a residence.

Rental Subsidy Programs; Low-Income Housing Tax Credits. A significant proportion of the real estate properties could have tenants that rely on rent subsidies under various government funded programs, including the Section 8 Tenant-Based Assistance Rental Certificate Program of the United States Department of Housing and Urban Development (“Section 8”). In addition, with respect to certain of the Bridge Loans, the borrower might receive subsidies or other

assistance from government programs. Generally, a real property receiving such subsidy or assistance must satisfy certain requirements, the borrower must observe certain leasing practices and/or the tenant(s) must regularly meet certain income requirements.

No assurance can be given that such programs will continue in their present form or that the borrowers will continue to comply with the requirements of the programs to enable the borrowers to receive the subsidies in the future or that the level of assistance provided will be sufficient to generate enough revenues for the borrowers to meet their obligations under the Bridge Loans, nor can there be assurance that any transferee of the real property, whether through foreclosure or otherwise, will obtain the consent of the United States Department of Housing and Urban Development (“HUD”) or any state or local housing agency.

Some of the real properties that secure the Bridge Loans could entitle or could have entitled their owners to receive low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”). Code Section 42 provides a tax credit for owners of multifamily rental properties meeting the definition of low-income housing who have received a tax credit allocation from a state or local allocating agency. The total amount of tax credits to which a property owner is entitled is based on the percentage of total units made available to qualified tenants.

The tax credit provisions limit the gross rent for each low-income unit. Under the tax credit provisions, a property owner must comply with the tenant income restrictions and rental restrictions over a minimum of a 15-year compliance period. In addition, agreements governing the multifamily rental property could require an “extended use period,” which has the effect of extending the income and rental restrictions for an additional period.

In the event a multifamily rental property does not maintain compliance with the tax credit restrictions on tenant income or rental rates or otherwise satisfy the tax credit provisions of the Code, the property owner can suffer a reduction in the amount of available tax credits and/or face the recapture of all or part of the tax credits related to the period of the non-compliance and face the partial recapture of previously taken tax credits. The potential loss of tax credits, and the possibility of recapture of tax credits already taken, creates a significant incentive for the property owner to keep the related multifamily rental property in compliance with such tax credit restrictions and limit the income derived from the related property.

Some of the real properties that secure the Bridge Loans could entitle or could have entitled their owners to receive tax abatements or exemptions or could be subject to reduced taxes in connection with a “payment in lieu of taxes” (“PILOT”) agreement.

With respect to such real properties that entitle their owners to receive tax exemptions, the related loan-to-value ratios are often calculated using appraised values that assume that the

owners of such real properties receive such property tax exemptions. Such property tax exemptions often require the property owners to be formed and operated for qualifying charitable purposes and to use the property for those qualifying charitable purposes. Claims for such property tax exemptions must often be re-filed annually by the property owners. Although the loan documents generally require the borrower to submit an annual claim and to take actions necessary for the borrower and the real property to continue to qualify for a property tax exemption, if the borrower fails to do so, property taxes payable by the borrower on the real property could increase, which could adversely impact the cash flow at or the value of the real property. In addition, if the issuing entity forecloses on any such real property, the issuing entity might be unable to qualify for a property tax exemption. Finally, if the issuing entity sells any such real property in connection with a default on the Bridge Loan, prospective purchasers could be unwilling to bid on the real property if they are unable to satisfy the requirements of a property tax exemption. This could limit the pool of prospective purchasers for any such real property.

There can be no guarantee that any tax abatements and exemptions or PILOT agreements will continue to benefit the related real properties or that the continuance or termination of any of the tax abatements or exemptions will not adversely impact the real properties or the related borrowers' ability to generate sufficient cash flow to satisfy debt service payments and operating expenses.

Risks Particular to “Ground Floor” Retail and Office Space at Multi-family Properties. Certain of the Bridge Loans could be secured by multi-family properties that also contain retail, office or other commercial units, whose values are often significantly affected by the quality of the tenants and the success of the tenants' business (and the particular risks that are associated with those businesses).

Risks Particular to Manufactured Housing Community Properties.

Additional factors can adversely affect the financial performance and value of manufactured housing community properties relating to a Bridge Loan including the presence and/or continued presence of sufficient manufactured homes at the manufactured housing property (manufactured homes are not generally part of the collateral for a mortgage loan secured by a manufactured housing property; rather, the pads upon which manufactured homes are located are leased to the owners of such manufactured homes; accordingly, manufactured homes can be moved from a manufactured housing property).

Manufactured housing community properties have few improvements (which are highly specialized) and are “single-purpose” properties that could not be readily converted to general residential, retail or office use. Thus, if the operation of any of the manufactured housing community properties becomes unprofitable due to competition, age of the improvements or other factors such that the borrower becomes unable to meet its obligations on the related Loan,

the liquidation value of that manufactured housing property could be substantially less, relative to the amount owing on the related Bridge Loan, than would be the case if the manufactured housing community property were readily adaptable to other uses.

Some manufactured housing community properties are either recreational vehicle resorts or have a significant portion of the properties that are intended for short term recreational vehicle hook ups, and tenancy of these communities can vary significantly by season. This seasonality could cause periodic fluctuations in revenues, tenancy levels, rental rates and operating expenses for these properties.

Manufactured housing community properties might not be connected in their entirety to public water and/or sewer systems. In such cases, the borrower could incur a substantial expense if it were required to connect the property to such systems in the future. In addition, the use of well water enhances the likelihood that the property could be adversely affected by a recognized environmental condition that impacts soil and groundwater.

In addition, manufactured housing community properties can be subject to government rent control regulations, which can limit the borrower's ability to institute, and/or the amount of, periodic tenant rent increases.

Risks Associated with Tenants Generally.

The borrowers under Bridge Loans generally rely on periodic lease or rental payments from tenants to pay for maintenance, fund capital improvements and to service the related obligations and any other debt or obligations they have outstanding. There can be no guarantee that tenants will renew leases upon expiration or that any expired lease will be renewed or relet on terms similar to or more favorable than those of the prior lease. Properties that have significant portions of month-to-month tenants or have leases of short duration do not provide the same stability as longer-term leases. Additionally, in some cases, one or more tenants at a property securing a Bridge Loan could be in or later enter into a "free rent," reduced rent or rent abatement period or receive other incentives as an inducement to enter into or extend a lease. These types of accommodations are particularly relevant during the current COVID-19 pandemic. There can be no assurance that such tenants will be in a position to pay full rent when the abatement period expires.

Changes in payment patterns by tenants result from a variety of social, legal and economic factors, including, without limitation, the rate of inflation and unemployment levels and impact the rental rates offered for comparable space. There can be no assurances whether, or to what extent, economic, legal or social factors will affect future payment patterns by tenants. Failure to promptly relet vacant space, particularly if multiple units are vacant at a particular property, could have an adverse effect on the related borrower's ability to meet its debt service obligations,

and result in such borrower being unable to refinance or sell the property for value sufficient to allow for full recovery on the Bridge Loan.

Environmental Considerations.

Contamination of real property could give rise to a lien on that property to assure payment of the cost of clean-up or, in certain circumstances, result in liability to the lender for that cost. Such contamination can also reduce the value of a property.

Properties securing a Bridge Loan generally will be subject to an environmental site assessment or an update of a previously conducted assessment or an update of an assessment based upon information in an established database or studies in connection with the origination of such Bridge Loans. However, such an assessment, study or review will not always reveal all possible environmental hazards. Assessments, studies and reviews can reveal environmental condition or circumstance that could have a material adverse impact on the value of a property or the related borrower's ability to repay a Bridge Loan or, in certain cases, recommended actions such as submitting underground storage tank closure registration paperwork regarding the closure of underground storage tanks to obtain a case closed regulatory status, additional radon testing or other actions. Where environmental conditions are identified and deemed material, the related borrower will generally be expected to establish and maintain operations and maintenance or abatement programs, environmental reserves, environmental insurance policies or indemnification agreements of third parties, except in certain cases where a third party was identified as the responsible party. Additionally, problems associated with mold can pose risks to a property and also be the basis for personal injury claims against a borrower. Although the properties securing Bridge Loans are required to be inspected periodically, in accordance with the related loan documents or business plan, there is no generally accepted standard for the assessment of mold. If left unchecked, the growth of mold could result in the interruption of cash flow, litigation and remediation expenses that could adversely impact collections from a property.

Additionally, in some cases under applicable law, a secured lender such as a Client holding a Bridge Loan could become liable as an "owner or operator" for costs of addressing releases or threatened releases of hazardous substances on a property if prior to foreclosure such lender or its agents or employees participate in the management of the operations of the related borrower's facility or property, even though the environmental damage or threat was caused by a prior owner or other third party.

Any of these environmental risks could adversely affect the operations at, or the value of, any property securing a Bridge Loan.

Dependence on Management.

The successful operation of a real estate project is dependent on the performance and viability of the property manager of such project. Managers of the properties securing Bridge Loans and the borrowers can face conflicts of interest in the management or ownership of properties. For example: (i) a property could be managed by property managers affiliated with the borrowers; (ii) a property could be managed by property managers who also manage additional properties, including other properties that compete with the property securing a particular Bridge Loan; and (iii) affiliates of the managers or the borrowers, or the managers or the borrowers or both, could also develop or own other properties, including competing properties.

Additional Debt or the Ability to Incur Additional Debt Entails Risk.

Bridge Loans generally prohibit the related borrower from encumbering the related property with additional secured debt or require the consent of the holder of the first lien prior to so encumbering such property; although certain Bridge Loans could allow the borrower to incur subordinate debt in the form of trade payables, additional indebtedness can increase the difficulty of a borrower refinancing the related Bridge Loan at maturity for the purpose of making any balloon payments and increase the possibility that reduced cash flow (due to making payments on the additional indebtedness) could result in deferred maintenance.

Leveraged Loans

Certain borrowers whose Bridge Loans are held by a Client could be substantially leveraged. Such investments are inherently more sensitive to declines in revenues, competitive pressures and increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the Client's investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Client's investments or its industry.

The Borrower's Form of Entity Can Cause Special Risks.

Certain borrowers could be wholly or partially (directly or indirectly) owned by multiple investors or investor groups (including crowd funding groups) or other diversified ownership structures. We cannot be certain that the individual investors or other members of a diversified ownership structure have relevant expertise in the commercial real estate market. Additionally, certain investor groups might be required to comply with various securities regulations related to offerings of securities and it is possible that any enforcement action or legal proceeding regarding failure to comply with such securities regulations could delay enforcement of the related Bridge Loan. Furthermore, a bankruptcy proceeding by such investors, investor group or other

diversified ownership structure could delay enforcement of a Bridge Loan or otherwise impair the borrower's ability to operate the related property.

Unknown Liabilities.

In some cases, a Bridge Loan could be subject to unknown liabilities, including material liabilities associated with, by way of example, pending litigation, regulatory investigations or environmental actions. Significant liabilities can materially and adversely affect the value of an asset. If a Client forecloses on a Bridge Loan or otherwise takes ownership of a property that secures a Bridge Loan, these liabilities would be payable from the assets of the Client. These circumstances (among others) could result in the incurrence of liabilities for which Berkadia Capital Advisors could cause a Client to establish reserves or escrow accounts. Additionally, or in connection with such accounts, distributions, including final distributions, to underlying investors in a Client could be subject to reserves or holdbacks. Furthermore, these reserves or accounts (if any) might ultimately be insufficient to cover such liabilities and/or such liabilities might be uninsurable (or not economically insurable) or be subject to insurance coverage limitations.

Related Investments.

Following its initial investment in respect of a Bridge Loan, a Client could have the opportunity to increase its investment or be asked to provide additional funds in respect of such Bridge Loan (a "Related Investment"). There can be no assurance that Berkadia Capital Advisors will decide to make Related Investments on behalf of the Client or that the Client will have sufficient resources to make such investments. Any decision not to make Related Investments or the Client's inability to make them could (i) have a substantial negative impact on the borrower of a Bridge Loan in need of such an investment and/or (ii) result in capital being provided by other parties (including co-investors with the Client), which could rank senior to, and/or cause the dilution (which could be substantial) of, the investment by the Client. In addition, such Related Investments often occur under circumstances in which an investment is performing poorly, in which case the Related Investment would likely be riskier than the initial investment or when such investment is performing well. As a result, the decision to make a Related Investment could ultimately result in worse performance by the Client than if it had not made such Related Investment.

Debt Collection.

Federal laws in the United States, such as the Federal Debt Collection Practices Act, and comparable state and non-U.S. statutes establish specific guidelines and procedures which debt collectors must follow when communicating with customers, including the time, place and manner of the communications. The failure of BCM or a third-party loan servicer to comply with these laws could have a material adverse effect on a Client's ability to recover on its investments

or subject the Client to monetary penalties. In addition, the costs of monitoring compliance with such laws will likely result in additional expenditures.

Title X of the Dodd-Frank Act created an independent regulator, the Consumer Financial Protection Bureau (the “CFPB”), which has rulemaking, supervisory, and enforcement and other authorities relating to consumer financial products and services, including debt collection. A Client’s loan servicers could be subject to the CFPB’s supervisory and enforcement authority. Given the uncertainty associated with how provisions of the Dodd-Frank Act will be enforced by the CFPB and various regulatory agencies, the full extent of the impact that these requirements will have on a Client’s business and profitability is unclear. Changes resulting from the Dodd-Frank Act could adversely affect a Client’s investment, including due to increased operating costs as a result of greater regulatory oversight, supervision and compliance with consumer debt servicing and collection practices.

Bankruptcy Proceedings Entail Certain Risks.

If one or more of the borrowers under a Bridge Loan enters bankruptcy proceedings, there could be a substantial reduction in the interest rate and a substantial write down of the principal of the Bridge Loan. There are a number of significant risks inherent in the bankruptcy process. *First*, rulings in a bankruptcy case are the product of adversary proceedings determined by a court with equitable powers and are beyond the control of specific creditors. *Second*, a bankruptcy filing could adversely and permanently affect the borrower making such filing. The borrower could lose its market position, key employees, access to the capital markets or other sources of liquidity and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason, a Chapter 11 reorganization is converted to or becomes a liquidation, the liquidation value of a property securing a Bridge Loan might not equal the liquidation value that was believed to exist at the time the Bridge Loan was originated or acquired. *Third*, the duration of a bankruptcy case is difficult to predict. A creditor’s return on investment can be adversely affected by delays while a plan of reorganization is being negotiated, approved by parties in interest and confirmed by the bankruptcy court until it ultimately becomes effective. For example, in general, unsecured creditors’ claims for interest accrued between the bankruptcy filing and a reorganization plan’s consummation are not allowed. *Fourth*, the administrative costs of the debtor and official committees in connection with the bankruptcy case are frequently high and will be paid out of the debtor’s estate prior to any return to general unsecured creditors. If the bankruptcy case involves protracted or difficult litigation, or turns into a liquidation, substantial assets could be devoted to such administrative costs; a creditor’s costs in monitoring and enforcing its investment also can substantially increase. Certain claims that have priority by law (for example, claims for taxes) also could be significant. *Finally*, under certain circumstances, creditors’ claims against bankrupt or insolvent entities could be subject to equitable subordination or recharacterization as equity (particularly where the creditor is an insider or otherwise controls

the debtor), and transfers made to creditors could be subject to avoidance and disgorgement as preferences or fraudulent conveyances.

Under the Bankruptcy Code, the filing of a petition in bankruptcy by or against a borrower (or in many cases, a guarantor) will stay the sale of the property securing a Bridge Loan, as well as the commencement or continuation of a foreclosure action. In addition, even if a court determines that the value of the property is less than the principal balance of the loan it secures, the court could prevent a lender from foreclosing on the property (subject to certain protections available to the lender). As part of a restructuring plan, a court also can reduce the amount of secured indebtedness to the then current value of the property, which would make the lender a general unsecured creditor for the difference between the then current value and the amount of its outstanding mortgage indebtedness. A bankruptcy court also could (i) grant a debtor a reasonable time to cure a payment default on a mortgage loan; (ii) reduce periodic payments due under a mortgage loan; (iii) change the rate of interest due on a mortgage loan; or (iv) otherwise alter the mortgage loan's repayment schedule.

Moreover, the filing of a petition in bankruptcy by, or on behalf of, a junior lienholder could stay more senior lienholders from taking action to foreclose on the relevant property (which could extinguish the junior lien). Additionally, the borrower's trustee or the borrower, as debtor in possession, has certain special powers to avoid, subordinate or disallow debts. In certain circumstances, the claims of the lender can be subordinated to financing obtained by a debtor in possession subsequent to its bankruptcy. Under federal bankruptcy law, the lender will be stayed from enforcing a borrower's assignment of rents and leases. Federal bankruptcy law also can interfere with the Servicer's or Special Servicer's ability to enforce lockbox requirements. The legal proceedings necessary to resolve these issues can be time-consuming and costly and significantly delay or diminish the receipt of rents. Rents also could escape an assignment to the extent they are used by the borrower to maintain the property or for other court authorized expenses.

Additionally, pursuant to a subordination agreement, subordinate lenders could agree that they will not take any direct actions with respect to the related subordinated debt, including any actions relating to the bankruptcy of the borrower, and that the holder of the Bridge Loan will have all rights to direct all such actions. However, there can be no assurance that in the event of the borrower's bankruptcy, a court will enforce such restrictions against a subordinated lender. In its decision in *In re 203 North LaSalle Street Partnership*, 246 B.R. 325 (Bankr. N.D. Ill. March 10, 2000), the United States Bankruptcy Court for the Northern District of Illinois refused to enforce a provision of a subordination agreement that allowed a first mortgagee to vote a second mortgagee's claim with respect to a Chapter 11 reorganization plan on the grounds that pre bankruptcy contracts cannot override rights expressly provided by the Bankruptcy Code. This holding, which one court has already followed, potentially limits the ability of a senior lender to

accept or reject a reorganization plan or to control the enforcement of remedies against a common borrower over a subordinated lender's objections.

In general, if payments on Bridge Loans are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the initial recipient (such as a Client) or from subsequent transferees. However, a court in a bankruptcy or insolvency proceeding would be able to direct the recapture of any such payment from a Client only to the extent that such court has jurisdiction over such holder or its assets.

As a result of the foregoing, recovery with respect to borrowers in bankruptcy proceedings could be significantly delayed, and the aggregate amount ultimately collected might be substantially less than the amount owed.

Risks Relating to Foreclosure.

Berkadia Capital Advisors could find it necessary or desirable to foreclose on collateral securing one or more Bridge Loans held by a Client. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a Bridge Loan including lender liability claims and defenses, even when such assertions have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, the borrower could file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and can disrupt ongoing leasing and management of the property.

Compliance with Applicable Laws and Regulations Can Result in Losses.

A borrower might be required to incur costs to comply with various existing and future federal, state or local laws and regulations applicable to the property securing a Bridge Loan. Examples of these laws and regulations include zoning laws and the ADA, which requires all public accommodations to meet certain federal requirements related to access and use by disabled persons. In general, the cost of compliance with the ADA is more significant with respect to multi-family properties than with respect to other types of commercial properties. The expenditure of such costs or the imposition of injunctive relief, penalties or fines in connection with the borrower's noncompliance could negatively impact the borrower's cash flow and, consequently, its ability to repay a Bridge Loan.

Prepayments of the Bridge Loans.

Berkadia Capital Advisors expects that all of the Bridge Loans either permit or will at certain times permit voluntary principal prepayments, subject to various limitations and conditions, including in some cases without the payment of a prepayment premium or yield maintenance premium. If a significant amount of Bridge Loans held by a Client are prepaid, the average quality of the remaining Bridge Loans could decrease due to adverse selection. Generally, prepayments on the Bridge Loans will be influenced by the prepayment provisions of the related loan documents (both voluntary and mandatory) and also could be affected by a variety of economic, geographic and other factors, including the availability of refinancing at favorable interest rates (giving consideration to the cost of refinancing). In general, prepayments are more likely when prevailing spreads to common indices fall significantly below the spreads on the Bridge Loans or if a declining trend in fixed interest rates offered for new loans leads borrowers to refinance their floating rate Bridge Loans to “lock in” relatively low fixed rates. BCM or another originator, lender, sourcer of loans could provide refinancing to a borrower at any time that prepayment is permitted. By contrast, rising rates on floating rate loans could lead to high levels of prepayments and defaults.

Certain Bridge Loans require mandatory principal prepayment upon the occurrence of events or certain failures of the properties to achieve certain results or can be prepaid in connection with a partial release. Additionally, some Bridge Loans have lockout periods during which prepayment is prohibited or require prepayment penalties or premiums to be paid upon a prepayment. However, these could be waived if Berkadia Capital Advisors believes that doing so could optimize a Client’s return on the Bridge Loan. Accordingly, there can be no assurance that the obligation to pay a prepayment charge or premium or a mandatory pre-payment requirement will be enforced or enforceable.

Regulated Industries and Investments.

Certain multifamily segments are (or could become) regulated in certain jurisdictions and subject to regulatory change. Bridge Loan investments could subject a Client and, in limited circumstances, its underlying investors, to regulatory and reporting requirements or require a Client to secure regulatory approvals or licenses, or to disclose information about itself or its equity holders. Obtaining regulatory approval and/or licenses is often a lengthy and expensive process with an uncertain outcome.

Lender Liability.

Certain jurisdictions allow borrowers to pursue lending institutions and others on the basis of various evolving legal theories (collectively termed “lender liability”) and could impose liability upon lenders. A Client could be exposed to claims as a lender for, among other things: (i) breach of contract (whether express or implied by conduct) to lend or to maintain facilities, or in breach of good faith concepts incorporated into contracts governed by the law of applicable jurisdictions; (ii) making misrepresentations to a borrower (potentially through an agent lender with respect to interest rates) or (iii) the provision of negligent advice where the lender assumes a fiduciary obligation beyond the capacity of the lender. In addition, the acquisition of possession, control or ownership of an asset causing contamination or pollution (by virtue of taking possession of collateral on default) could also give rise to lender liability under the laws of various jurisdictions, and in certain jurisdictions where remedies against assets subject to security interests can be exercised outside the supervision of the courts, abuse of such unsupervised remedies could give rise to lender liability.

Additional Credit Liabilities.

Investments in Bridge Loans could be subject to various other risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; and (iii) equitable subordination claims by other creditors. Successful claims by third parties arising from these and other risks will be borne by the Client.

Servicing.

As discussed in Item 15, below, Berkadia Capital Advisors uses an affiliated servicer to service the Loans. To the extent the servicer is negligent, breaches its agreement with a Client or other counterparts, violates applicable law or in some other way is unable to effectively service the Loans, this could adversely affect the performance of the Loans it is servicing and thus the Client by delaying the collection of funds or causing the Client to be unable to collect some or all of monies it is due or require replacement of such servicer and incurrence of additional costs.

Berkadia Capital Advisors has an incentive to use an affiliated loan servicer as a result of Berkadia Group’s financial and other business interests, even if a better price and/or quality of service could be obtained from an unaffiliated servicer. The amount of fees collected by such loan servicer related to a Client and its assets over time could represent a substantial portion of the servicer’s income. Additionally, the affiliated loan servicer is not exclusive to a Client. As such, professionals of the affiliated loan servicers could have time and attention commitments to others and could refer transactions or other opportunities to persons other than Berkadia Capital Advisors’ Clients.

Political, Social and Economic Uncertainty Risks.

Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which Clients or borrowers are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact other countries, regions or markets, including established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with, among other things: increased volatility in the loan, securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets (including Bridge Loans); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private borrowers and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the loan, securities, derivatives and currency markets and market participants and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact Clients' investments, it is clear that these types of events are and will impact Clients and borrowers and, in many instances, will be negative impacts. Clients will be impacted if, among other things, (i) amendments and waivers are granted (or are required to be granted) to borrowers permitting deferral of loan payments, (ii) borrowers default on their loans, are unable to refinance their loans at maturity, or sell the property securing the Bridge Loans at a price that is sufficient to allow the borrower to meet a balloon payment at maturity, (iii) businesses or residents whose rent payments are needed to make payments on the Bridge Loans are unable to make rent payments, and/or (iv) the value of loans held by Clients decreases as a result of such events and the uncertainty they cause. There

can be no assurance that such emerging events will not cause a Client to suffer a loss of any or all of its investments or interest thereon. Clients will also be negatively affected if the operations and effectiveness of Berkadia Capital Advisors, other members of the Berkadia Group, borrowers, borrowers, tenants or key personnel or service providers are compromised or if necessary or beneficial systems and processes are disrupted.

Each of the foregoing Risks of Loss described in this Brochure is subject to these Political, Social and Economic Uncertainty Risks, and should be reviewed and analyzed in light of these risks and uncertainties.

Item 9 – Disciplinary Information

Not applicable.

Item 10 – Other Financial Industry Activities and Affiliations

Berkadia Group Affiliates

Berkadia Capital Advisors' investment advisory services and offerings are intended to be complementary to products and services related to loans (including Bridge Loans) and to real property available from the Berkadia Group to customers involved in the multi-family and commercial property industry including, among other things: (i) commercial mortgage loan origination, sourcing, brokerage and servicing services, including with respect to Bridge Loans, which are conducted exclusively by BCM, (ii) multi-family property sales and other commercial real estate brokerage services, which are conducted exclusively by BREA and (iii) affordable housing tax credit syndication services, which are conducted exclusively by Berkadia Affordable Tax Credit Solutions. Products provided by the Berkadia Group to customers that are material to Berkadia Capital Advisors' business or its Clients, or which create conflicts of interest, include loan origination, servicing, refinance and property sale opportunities related to a borrower, a related person of a borrower or a property securing a Bridge Loan, or otherwise in connection with Bridge Loans as well as certain corporate services.

As discussed in Item 4, above, the relationships among the various companies comprising the Berkadia Group, their Customers, Clients and others who have an interest (pecuniary or otherwise) in the Bridge Loans in which Clients will invest or the properties securing those Bridge Loans results in conflicts of interest. Berkadia Group companies will receive fees or other compensation or have an opportunity to earn or receive other Berkadia Group Benefits in connection with the provision of products and services to Berkadia Capital Advisors, Clients, borrowers and other Berkadia Group Customers. In addition, Berkadia Group companies share certain personnel, premises and other resources, on which Berkadia Capital Advisors relies to provide advisory services to its Clients.

Investment in Clients. The Berkadia Group expects that it will invest and hold minority economic interests in one or more Clients but will not necessarily take such an interest in every Client nor take the same economic interest in every Client in which it holds a stake. The Berkadia Group does not anticipate taking a controlling economic interest in any Client (*i.e.*, a 25% or greater economic stake) but does expect that a Berkadia Group company will serve as the managing member or general partner (or in an equivalent role) for Clients that are organized as pooled investment vehicles (including, in some cases, funds of one). The Berkadia Group could have financial or other pecuniary interests in some Clients that are greater or lesser than those it holds in others. This creates an incentive for Berkadia Capital Advisors and other members of the Berkadia Group to provide more favorable treatment or services to certain Clients based on pecuniary interests. Berkadia Capital Advisors expects to adopt policies and procedures with respect to the allocation of investments and expenses at such point as it has more than one Client in which Berkadia Group has an economic interest that will be reasonably designed, in light of the particular facts and circumstances, to mitigate this conflict.

Berkadia Commercial Mortgage. Berkadia Capital Advisors expects that BCM will originate or source each Bridge Loan. As such, Berkadia Capital Advisors is reliant on BCM's ability and willingness to originate or source Bridge Loans on terms that are consistent with Clients' investment mandates and that Berkadia Capital Advisors believes would be appropriate for Client investment. As discussed in Item 8, above, when making these determinations Berkadia Capital Advisors relies on information developed by BCM through the underwriting process. When Berkadia Capital Advisors determines that a Client should acquire an interest in a Bridge Loan, that interest will either be created by the Client originating the Bridge Loan as the lender or be acquired directly from a Berkadia Group company (by way of assignment) or indirectly through a participation interest where a Berkadia Group company is the seller of the participation. To mitigate the conflicts that arise when the Berkadia Group is counterparty to a transaction with a Client, Berkadia Capital Advisors expects that each Client, or its independent representative, will be required by the Client's Governing Documents (or requested by Berkadia Capital Advisors) to consent to such transaction.

BCM does not limit its underwriting activities to Bridge Loans that are within Client investment mandates and Berkadia Capital Advisors is not required to accept every Bridge Loan that is within a Client's mandate. If BCM sources a Bridge Loan that is inconsistent with Client investment mandates or Berkadia Capital Advisors declines to acquire a Bridge Loan that is being originated by BCM, BCM can elect to originate that Bridge Loan for the Berkadia Group's own account and could benefit from the sale, participation, servicing and ultimate repayment of that loan. In some cases, loans that fall outside of the investment mandates of Clients or are declined by Berkadia Capital Advisors could be more attractive or profitable than loans that are within the investment mandates and acquired by one or more Clients.

Additionally, Berkadia Capital Advisors expects that BCM will act as servicer for each Bridge Loan and, in that role, will be responsible for certain administrative functions and for providing information and guidance to Berkadia Capital Advisors with respect to decisions, such as consents to modifications, for such loans. Because decisions made with respect to a Bridge Loan could result in a borrower seeking services from the Berkadia Group, Berkadia Capital Advisors and BCM could have an incentive to take or suggest an action that results in additional profit for the Berkadia Group rather than one that optimizes returns for Clients. Finally, Berkadia Capital Advisors expects that many Bridge Loans will be refinanced at or near the end of their terms. Borrowers can elect to refinance through BCM, which results in BCM having the opportunity to earn underwriting, origination, servicing and other fees or benefits in connection with the refinancing.

Berkadia Real Estate Advisors. BREA provides commercial real estate sales and brokerage to buyers and sellers of real property, including borrowers on the Bridge Loans with respect to the properties securing the Bridge Loans. Borrowers who are unable (or choose not) to refinance a Bridge Loan at or near the end of its term will often choose to sell the property in order to repay any remaining balance on the Bridge Loan. Borrowers can elect to use the services of BREA in this connection. BREA could also represent a buyer and that buyer could obtain a Bridge Loan from BCM which is then selected by Berkadia Capital Advisors for sale or participation to Clients.

Berkadia Group Companies could provide Permanent Loan Financing to Borrowers. One or more Berkadia Group companies are in the business of underwriting permanent loan financing. There are no restrictions on the ability of a Berkadia Group entity to engage in discussions with and provide permanent loan financing to any prospective borrower, including the borrower of a Bridge Loan held by a Client. Because the Bridge Loans a Client will invest in will permit early repayment, permanent financing provided by a Berkadia Group company to a borrower could be used to prepay a Bridge Loan held by a Client, which can result in the Client receiving a lower than anticipated yield on such investments. In addition, the Berkadia Group company would be entitled to receive fees in connection with providing such permanent loan financing and would not be obligated to share such fees with, or rebate any fees to, a Client.

Berkadia Group Benefits. In connection with the Berkadia Group's roles with respect to the Bridge Loans, the Berkadia Group expects to generate business opportunities and to receive underwriting or origination fees, servicing fees, commissions and other Berkadia Group Benefits and, in some cases, could otherwise profit from the sale of a loan or loan participation to Clients. Similarly, where a borrower seeks to refinance a Bridge Loan, it is likely that BCM will originate the refinanced loan and, in connection therewith, receive underwriting, origination, servicing and other fees in connection with the new loan. If, on the other hand, a borrower determines to sell the underlying property at or before the end of the term of the Bridge Loan, BREA could serve as broker or agent in connection with such sale and earn commissions or other compensation in connection therewith.

As noted in Item 5, costs and expenses with respect to the foregoing, and any other, products or services provided by the Berkadia Group can be borne by Clients; and, except as otherwise agreed in a Client's Governing Documents, where another party pays fees to, or bears costs or expense related to services provided by any Berkadia Group company or, any compensation or other Berkadia Group Benefits otherwise received from or with respect to a borrower, a related person of a borrower, a Client or a property securing a Bridge Loan or otherwise in connection with a Bridge Loan held by the Client, there will be no sharing of any Berkadia Group Benefits with the Client.

Selection or Recommendation of the Berkadia Group as a Service Provider. While many of the services described above could be provided by third-parties, the Berkadia Group has traditionally selected or recommended affiliates to provide services where possible and appropriate and, to the extent that it is in a position to select or recommend a service provider, Berkadia Capital Advisors expects to select or recommend the Berkadia Group.

Berkadia Capital Advisors and the Berkadia Group intend that Clients and Berkadia Group Customers will benefit from this integrated approach, but the Berkadia Group also benefits from the receipt of fees and other benefits in connection with these services, creating a conflict of interest in selecting service providers. Additionally, while Berkadia Capital Advisors seeks to negotiate arms-length terms for services (to the extent it is in a position to do so) and to select or recommend the Berkadia Group to provide a service only when it reasonably believes that the Berkadia Group is able to provide that service in a competent manner, a Berkadia Group company will not necessarily be the lowest cost or most effective provider.

Non-Berkadia Group Financial Industry Affiliates

As noted in Item 4, the Berkadia Group is a joint venture between Berkshire Hathaway and Jefferies. As an indirect subsidiary of both Jefferies and Berkshire Hathaway, Berkadia Capital Advisors has a number of other affiliates that are active in the financial industry, including as insurance companies, broker-dealers and investment advisers. Because many of these affiliates offer their services directly and generally to the public, it is possible that a borrower, tenant in a property securing a Bridge Loan, Client or investor in a Client could seek or use the services of these affiliates; but, Berkadia Capital Advisors does not recommend any such services nor do any of these affiliates provide services, referrals or other benefits directly to Berkadia Capital Advisors. Thus, as of the date of this Brochure, Berkadia Capital Advisors does not anticipate maintaining any relationships with such affiliates that would be material to Berkadia Capital Advisors' business or its Clients or otherwise constitute a material conflict of interest.

Offshore Support Services

Berkadia Services India Private Limited provides support and assistance to companies, including Berkadia Capital Advisors, within the Berkadia Group.

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

Code of Ethics and Personal Trading

Berkadia Capital Advisors has adopted a Code of Ethics (“Code”) that governs a number of conflicts of interest we have when providing advisory services to our clients. The Code requires that personnel act with integrity, not place their interests ahead of those of clients, seek to avoid conflicts of interest, disclose and/or mitigate conflicts of interest that cannot be avoided and comply at all times with applicable federal securities law. The Code, and this standard of conduct that we expect of all our personnel, is based upon fundamental principles of transparency, integrity, honesty, and trust and is designed to ensure we meet our fiduciary obligations to our Clients. The Code is also designed to detect and prevent violations of securities laws, including potential misuse of material non-public information.

Among the tenets of our Code, or related policies and procedures, are: (i) protecting the confidentiality of Client information; (ii) prohibiting any trading on the basis of, or otherwise misusing, material, nonpublic information; (iii) reporting gifts, entertainment and political contributions and avoiding giving or receiving gifts, entertainment or political contributions that are inconsistent with applicable law or standards that we have set; and (iv) disclosing other personal conflicts of interest and taking such steps as are determined by Berkadia Capital Advisors’ Chief Compliance Officer (“CCO”) to be appropriate to mitigate any such conflicts that could adversely impact our service to Clients.

Given the nature of our Client’s investments, it is not expected that personnel will invest in the same securities as are held by Clients (except, potentially, with respect to short term investments and cash items) or otherwise have a material financial interest in such securities or their issuers. However, there could be circumstances where a borrower is, or is an affiliate of, a company in which personnel of Berkadia Capital Advisors could invest. Berkadia Capital Advisors believes that its Code of Ethics and insider trading policy will mitigate conflicts of interest that could arise in connection with such investments, should they occur through the reporting of personal securities holdings and transactions and preclearance of certain securities transactions.

Through administration of the Code, and on a day-to-day basis, Berkadia Capital Advisors seeks to foster a culture that reflects our principles and promotes fiduciary and compliant behavior

within our firm. A copy of the Code is available to any Client or prospective client upon request by contacting Berkadia Capital Advisors at 215-328-3978.

Participation or Interest in Client Transactions

Please see Items 4, 5, 8 and 10, above, for a discussion of circumstances where the Berkadia Group could participate, or have an interest in, Client investments and transactions or could engage in a principal transaction with a Client, including where a Client purchases a Bridge Loan from the Berkadia Group. In the case of principal trades or for other potentially conflicted transactions, where required by a Client's Governing Documents or determined by Berkadia Capital Advisors in its discretion to be advisable or appropriate, Berkadia Capital Advisors will seek consent of the Client in a manner consistent with the Client's Governing Documents and, as applicable, Section 206(3) of the Advisers Act. Berkadia Capital Advisors expects that Clients will appoint a designated independent review party for this purpose.

Additional conflicts could also arise in the future in relation to cross trades, issuance of participations by one Client to another Client or the allocation of investment opportunities among Clients when Berkadia Capital Advisors has multiple Clients.

Item 12 – Brokerage Practices

As a fiduciary, Berkadia Capital Advisors has a duty to execute transactions in the best interests of each Client and, accordingly, seeks to obtain best execution of Clients' portfolio transactions. However, unlike traditional public equity or debt securities, Bridge Loans generally do not require the services of a securities broker or dealer. Rather, as discussed above, it is anticipated that Bridge Loans will be acquired in a private transaction directly from the Berkadia Group either through a sale of the Bridge Loan to the Client or the Berkadia Group or another Client selling a participation in the Bridge Loan to the Client. Such sales will be at par. No commission, transaction fee or spread is taken by the Berkadia Group in connection with these transactions and the terms of any sale or participation will be consistent with those available from a third party.

Currently, Berkadia Capital Advisors does not anticipate investing in Bridge Loans on behalf of more than one Client upon registration. As such, Berkadia Capital Advisors will not be in a position to aggregate investments in a Bridge Loan or called upon to allocate such transactions, or investment opportunities among multiple accounts. In the future, if Berkadia Capital Advisors manages more than one Client, it will develop appropriate policies and procedures reasonably designed to assure that Clients are treated fairly and equitably over time in respect of such transactions.

Item 13 – Review of Accounts

Berkadia Capital Advisors has established policies and procedures to manage and monitor Client accounts and to assure that investments made are consistent with the Client's investment mandate and any other requirements or parameters set forth in the Client's Governing Documents or otherwise agreed with the Client. Berkadia Capital Advisors will follow established practices with respect to the decision to invest in a Bridge Loan and ongoing monitoring of each loan on a periodic basis in connection with the servicing of that loan and for compliance with loan document requirements as described here and in Item 8, above. Initial investment decisions for each loan investment are made and documented in accordance with an underwriting memorandum for each loan that summarizes the underwriting and due diligence results, details the loan structure and related documentation, and provides the rationale supporting the initial investment recommendation/decision. After a loan is acquired, it is serviced by BCM in accordance with a loan servicing agreement that requires market standard monthly, quarterly, and annual reporting requirements by BCM, as well as notice to, and approval by the Client for special circumstances that could arise from time-to-time (such as approval requests for property releases, loan modifications, changes in a borrower's equity owners, and default remediation strategies). Berkadia Capital Advisors' President is responsible for conducting these reviews on behalf of Clients.

Each Client and, as applicable, investors in that Client will receive such reports as are set forth in the Client's Governing Documents, otherwise agreed with a Client or investor or that Berkadia Capital Advisors determines to provide from time to time. Although individual reporting can vary from Client to Client and investor to investor, Berkadia Capital Advisors expects that it will provide periodic written reports and information, no less frequently than annually, to Clients and investors. Periodic reports will, at a minimum, describe the loan payment performance. Additionally, Clients and/or investors, as applicable, will receive tax reporting (K-1) and, for Clients who are audited (whether for purposes of the Custody Rule, as described below, or pursuant to the Client's Governing Documents), audited financial statements prepared in accordance with U.S. GAAP.

Item 14 – Client Referrals and Other Compensation

As discussed above, members of the Berkadia Group provide services to Clients, or borrowers, or otherwise in relation to a Bridge Loan, and receive fees or other compensation or benefits, the amount of which could be increased through the introduction of additional Clients or investors, in connection with such services.

Berkadia Capital Advisors currently does not have any referral or placement arrangements.

Item 15 – Custody

Berkadia Capital Advisors expects, due to certain anticipated arrangements that could give it or an affiliate control over or access to Client assets, to be deemed to have “custody” of Clients’ funds or securities within the meaning of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). Except as permitted by the Custody Rule, such funds and securities are held by one or more “qualified custodians” as defined by the Custody Rule (generally including banks, broker-dealers and similar institutions, each a “Qualified Custodian”).

For example, a member of the Berkadia Group would generally serve as general partner or managing member of a Client that is established as a pooled investment vehicle or “fund of one” and, in such cases, Berkadia Capital Advisors would be deemed to have custody of such Client’s funds and securities for purposes of the Custody Rule. Berkadia Capital Advisors expects that each such Client will be subject to a financial statement audit in accordance with generally accepted accounting principles and that the audited financial statements for such Clients distributed to investors within 120 days following the Client’s fiscal year end. Investors in such a Client should contact Berkadia Capital Advisors if such financial statements are not received timely or if there are any questions about the contents thereof.

Additionally, as discussed above, most or all Bridge Loans held by Clients are serviced by BCM. Funds related to Bridge Loans held by Clients (“Client Funds” and “Client Loans”) for which BCM acts as servicer are held in one or more accounts established by BCM for that purpose (each an “Agent Account”). Each Agent Account is held with a Qualified Custodian in BCM’s name for the benefit of the relevant Client. Agent Accounts hold only cash and not loans. Loan documents for each Bridge Loan are also held by a Qualified Custodian. Except as otherwise agreed in a Client’s Governing Documents, no account statements for an Agent Account are required to be provided to Clients.

As servicer, BCM: (i) performs a variety of traditional services pursuant to credit agreements in accordance with negotiated guidelines regarding the movement of cash into and out of the Agent Account(s) for such purposes as collecting and distributing loan proceeds or payments; (ii) must apply the terms of the credit agreement in dealing with funds in the Agent Account; and (iii) has no authority to determine how such funds are used, allocated or disbursed. However, other than the terms of the credit agreements, nothing prevents a servicer from withdrawing cash from the Agent Account for unrelated purposes. Therefore, and in light of SEC Staff guidance, Berkadia Capital Advisors considers itself to have custody over the Client Funds in the Agent Account for purposes of Rule 206(4)-2 under the Advisers Act.

In the event that (other than with respect to Client Funds in an Agent Account) Berkadia Capital Advisors were to be deemed to have custody of the funds or securities of a Client that is not a pooled investment vehicle or fund of one, or that is a pooled investment vehicle or fund of one

but is not audited in the manner described above, the Client's Qualified Custodian will send account statements (other than account statements for the Agent Account) to the Client, each investor in the Client or the Client's or investors' independent representative(s), as applicable, not less frequently than quarterly. Recipients should review those account statements carefully and are urged to compare those account statements with any account statements sent by Berkadia Capital Advisors and to contact Berkadia Capital Advisors in the event of any discrepancy or if account statements are not received timely from the Qualified Custodian.

Item 16 – Investment Discretion

Berkadia Capital Advisors has discretionary authority as granted by the Client, subject to the Client's investment mandate, to manage that Client's account through the relevant Governing Documents. In each case, the investment mandate is expected to be limited to the authority to invest in Bridge Loans sourced by BCM and certain cash management instruments, subject to any additional guidelines or restrictions agreed to by Berkadia Capital Advisors. A Client's investment mandate, guidelines, limits and restrictions represent limitations on our authority and could result in delays in fully investing a Client's account or adversely impact the performance of such an account relative to accounts not subject to such restrictions.

As noted in Item 4, above, each Client's investment mandate as well as any guidelines, limits or restrictions are established at inception and will not be varied with respect to any particular investor in the Client; however, at inception, Berkadia Capital Advisors can discuss proposed investment mandates, guidelines, limits or restrictions with prospective investors.

Item 17 – Voting Client Securities

Because Berkadia Capital Advisors provides advice primarily with respect to Bridge Loans, there are no circumstances that involve voting proxies. However, a Client could, from time to time, be called upon to provide (or withhold) consent to proposed modifications to loan terms and covenants. To the extent that a Client grants Berkadia Capital Advisors authority to act in these circumstances, we will seek to make consent decisions in a manner consistent with the best interest of the Client(s) from which consent is sought with the general objective of seeking to optimize outcomes in light of the circumstances, subject at all times to each such Client's Governing Documents. In some cases, Berkadia Capital Advisors could determine that refraining from exercising a consent is appropriate in light of the Consents Standard.

Although Berkadia Capital Advisors aims to exercise consents in a manner that it believes will optimize outcomes, certain conflicts of interest can arise in connection with Berkadia Capital Advisors' exercise of consent rights. For example, Berkadia Capital Advisors faces a conflict of interest when the Berkadia Group has or seeks a business relationship with the borrower or

another party with an interest in the outcome of a consent request. For example, a decision with respect to a consent could result in or lead to the borrower seeking out the services of BCM to refinance a Bridge Loan or of Berkadia Real Estate Advisors in selling the underlying property.

To help us make decisions in the best interests of Clients and in a way that promotes optimal outcomes, Berkadia Capital Advisors has implemented policies and procedures with respect to the exercise of consents. The President of Berkadia Capital Advisors is generally responsible for identifying consent solicitations and for making decisions as to the exercise of consents. Prior to exercising a consent, the President will consider whether there is a material conflict of interest that could impact her decision. In the event that a material conflict of interest is identified, Berkadia Capital Advisors will take such steps as we believe to be necessary under the circumstances to allow for the exercise the related consent right in the best interest of the Client(s) holding an interest in the relevant Bridge Loan.

Upon written request, Clients can obtain, without charge, a copy of relevant policies and procedures or information regarding how we exercised consent rights on their behalf by contacting us at 215-328-3978.

Item 18 – Financial Information

- A. The Firm does not solicit fees of more than \$500, per client, six months or more in advance.
- B. As of the date hereof, the Firm is not aware of any financial condition that would be reasonably likely to impair its ability to meet its contractual and fiduciary commitments to its clients.
- C. The Firm has not been the subject of a bankruptcy petition.