

Item 1 – Cover Page



Part 2A of Form ADV: Firm Brochure

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March 2022

Form ADV Part 2A (the “**Brochure**”) provides information about the qualifications and business practices of Machine Investment Group, LP. If you have any questions about the contents of this Brochure, please contact us at (917) 970-0313 or info@machineinv.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

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

Additional information about Machine Investment Group, LP also available on the SEC’s website at www.adviserinfo.sec.gov.

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

Item 2 - Material Changes

This is an annual update to the previous Brochure filed by Machine with the Securities and Exchange Commission in June of 2022. The following is a summary of changes since the last annual amendment:

Machine updated information regarding client regulatory assets under management in Item 4.

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

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Item 4 - Advisory Business

For purposes of this Brochure, the “**Adviser**”, “**Machine**”, “**Limited Partnership**”, “**Management Company**” or the “**Senior Management Team**” means Machine Investment Group, LP, a Delaware limited partnership formed in February of 2020. Machine was founded by Eric Rosenthal and Andy Kwon (the “**Founders**”), and is headquartered in New York, NY.

The Adviser provides investment advisory, management and other services on a discretionary basis to private investment funds (each a “**Fund**”, “**Client**” or “**Partnership**”, and collectively, the “**Funds**”, “**Clients**” or “**Partnerships**”), for sophisticated, qualified investors (“**Investors**” or “**Limited Partners**”). An affiliate of the Adviser, MIG REF I GP, LLC, a Delaware limited liability company (the “**General Partner**”) serves as general partner to the Funds.

In March 2021, Mr. Kwon passed away suddenly following unexpected health complications. Key man provisions have been adjusted accordingly and Mr. Rosenthal and other members of the Senior Management Team are equipped to carry forward the investment strategy and operations of the Funds.

Machine’s Senior Management Team consists of a seasoned, diverse roster of professionals with institutional backgrounds across investment management functions, including investments, asset management, capital markets, and operations. Importantly, the majority of the Senior Management Team previously worked together at Garrison Investment Group, LP (“**Garrison**”) for approximately 10 years, resulting in refined operating processes that are implemented throughout the lifecycle of each investment. In aggregate, the Senior Management Team offers nearly 50 years of institutional experience, having previously held positions at a variety of financial institutions.

The Funds invest in stressed, distressed and deep value real estate equity, debt, and special situations opportunities. The Funds target middle market investments with positive long-term demand fundamentals primarily located within the top 25 domestic metropolitan statistical areas (“**MSAs**”), including primary, secondary, and shadow markets. The Funds seek to maintain a defensive posture and a strict risk discipline by focusing on cash flow, downside protection and maintaining optionality throughout its business plans. The Funds will concurrently seek upside for investors by sourcing investments at attractive entry points with protective structuring techniques across both debt and equity investments. The Funds’ investment approach is intended to produce stable returns, while minimizing losses.

The General Partner of the Funds is an affiliate of the Adviser. The General Partner is subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partner, which operates as a single advisory business together with the Adviser. The Governing Documents (defined below) of each Client may also provide for the establishment of parallel or other alternative investment vehicles in certain circumstances. Investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would also become Clients of the Adviser. In this Brochure, because it is uncertain whether such additional parallel or alternative investment vehicles will be classified as Clients of the Adviser, when we refer to a Fund or to a Client, we are also referring to such additional parallel or alternative investment vehicles, if any.

The Adviser’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments.

The Adviser's advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents, investment management agreements, limited partnership or other operating agreements (each, a "**Partnership Agreement**"), subscription agreements or similar governing documents (collectively, referred to as the "**Governing Documents**"), and are further described below under Item 8. "Methods of Analysis, Investment Strategies and Risk of Loss". While it is anticipated that each of their Clients will follow the strategy described above, the Adviser may tailor the specific advisory services with respect to each Client to the individual investment strategy of that Client. In addition, the Governing Documents of the Clients may, in certain limited circumstances, impose restrictions on investing in certain securities or types of securities, for example in connection with regulatory or compliance reasons.

Investors in the Funds participate in the overall investment program for the applicable Fund but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Governing Documents. The Funds and the General Partner have, and may in the future, entered into side letters or other similar agreements ("**Side Letters**") with certain Investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant Governing Documents with respect to such Investors. See also "Side Letters" under Item 8 below.

Additionally, from time to time and as permitted by the relevant Governing Documents, the Adviser may provide (or to agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to Limited Partners, third party co-investors, other Clients or any of their respective affiliates (including, without limitation, one or more successor funds) (collectively, "**Other Clients**") and/or one or more accounts maintained for the benefit of the Adviser, the Principals, or one or more of their respective affiliates ("**Principal Accounts**"); provided, however, that any co-investment by the General Partner, any Other Clients or any Principal Accounts not otherwise permitted pursuant to the Governing Documents shall be subject to the prior approval of the Limited Partner advisory committee ("**LP Advisory Committee**"); and provided further, that any co-investment in any entity by any co-investor shall be made and divested at the same time and upon substantially identical terms and conditions as the investment in such entity by the Funds, except to the extent that the General Partner, relying on advice from counsel to the General Partner or the Funds, determines that it is necessary for legal, tax or regulatory reasons for such divestment to be undertaken on different terms and conditions. The Adviser and its affiliates will act in a manner that they consider to be fair, reasonable and equitable in allocating investment opportunities between and among the applicable Fund and any co-investors. In particular, the Adviser and its affiliates intend to provide the Funds with first priority allocation of each investment opportunity that the Adviser determines is consistent with the underwriting criteria up to the full amount of its fund share as is set forth in the Partnership Agreement. Except as provided in the Governing Documents, no Limited Partner has the right to participate in any co-investment opportunities. The Adviser's allocation policy is further detailed in Item 12. "Brokerage Practices".

As of December 31, 2022, the Adviser manages approximately \$307,501,984 in Client assets on a discretionary basis through the Funds.

Item 5 - Fees and Compensation

In general, the Adviser receives a management fee from each of the Funds that it manages as compensation for the investment advisory services rendered to the applicable Fund. The Adviser also

typically receives performance-based compensation or carried interest pursuant to the applicable Governing Documents for the Clients.

The Adviser or its affiliates may receive additional compensation in connection with management and other services performed for portfolio investments of the Funds, and such additional compensation generally will offset in whole or in part the management fees otherwise payable to the Adviser in accordance with the relevant Governing Documents. Investors in a Fund also bear certain expenses, as set forth in the Governing Documents of such Fund.

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

Management Fees

A management fee (the “**Management Fee**”) will be paid by each Fund to the Adviser. The Management Fee is determined by the Governing Documents of each Fund, but will generally be equal to a fixed percentage per annum of each Investor's capital commitments during the investment period and generally equal to the same fixed percentage per annum of the sum of (i) the aggregate capital contributions by Investors that have been used to make Portfolio Investments which have not been fully realized or fully written off and (ii) the aggregate amount of all committed amounts with respect to ongoing Portfolio Investments. The Management Fee will be payable quarterly in advance.

Management Fees will commence as of the initial closing in respect of Investors, regardless of the date on which an Investor is admitted to a Fund. Management Fees will be payable from Investors' capital contributions, but after the end of the investment period may instead be paid out of the amounts otherwise distributable to the Investors.

Installments of the Management Fee payable for any period other than a full three-month period generally are adjusted on *pro rata* basis according to the actual number of days in such period. The Management Fee generally is reduced by a specified percentage of a Fund's share of Portfolio Investment Fees, generally excluding Closing Fees and Servicing Fees each as defined and discussed below and as more fully detailed and subject to the terms set forth in the relevant Governing Documents. The Management Fee may also be reduced by placement fees paid by a Fund and in certain cases, Organization Expenses as is discussed further below.

The Governing Documents for certain Funds permit the Adviser to waive or agree to reduce the Management Fee. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

Carried Interest

The Adviser will receive a carried interest with respect to the Funds equal to a fixed percentage of all realized profits subject to a fixed percentage compound preferred return, as more fully described in the applicable Governing Documents of each Fund. The carried interest distributed to the Adviser is subject to a potential giveback at the end of life of the Funds if the Adviser has received excess cumulative distributions and at certain interim intervals as provided in the Governing Documents. It is expected that any future Funds will have a similar fee structure.

Interests are offered and sold solely to “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) (or qualified knowledgeable Adviser personnel), and, as such, information regarding the fees and compensation payable by Clients is not required to be provided herein.

Partnership Expenses

The Partnership shall pay or reimburse the General Partner, the Management Company or any Person advancing payment of such expenses, all partnership expenses. In addition, the Partnership, the General Partner, the Management Company or any member thereof may charge a portfolio investment and/or a potential portfolio investment for any expenses to the extent the General Partner reasonably determines such expenses are attributable to such portfolio investment and/or potential Portfolio Investment or the Partnership’s investment or prospective investment therein or liquidation thereof. The General Partner or the Management Company may engage placement agents and incur Placement Fees.

The General Partner, the Management Company or any of their respective affiliates may provide to the Partnership, any of its affiliates and/or any Portfolio Investment all accounting, financial, reporting, fund administration, tax, internal audit, legal, debt placement, technology-related services, brokerage, sales agent, property-related services (including property management, leasing, construction management, development and other property-related services) and any other services in lieu of third parties providing such services to such Persons, and in connection with the provision of such services, the Partnership, Partnership affiliates and Portfolio Investments are hereby authorized to provide cash and/or non-cash compensation, including fees, salaries, retainers, and reimbursements (e.g. profits shares, personnel costs, incentive equity) to the General Partner, the Management Company and/or any of their respective Affiliates including reimbursement for any overhead expenses (including rent, utilities, office maintenance, office supplies and hardware, storage, human resources and benefits administration, technology and software costs) and/or employee compensation costs (including salary, bonus, deferred compensation, salary overhead and payroll administration and charges) that the General Partner, in its sole discretion, determines is allocable to such services; provided that any such compensation shall be on arms-length terms and shall be no more favorable than could be reasonably obtained by the Partnership, any of its affiliates and/or such Portfolio Investment from an independent third party.

Other Information

The Funds generally invest, and anticipate continuing to invest, on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described

in the Governing Documents, over the term of the relevant Fund, and Investors generally are not permitted to withdraw or redeem interests in the Funds.

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

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

As described above in Item 5. “Fees and Compensation” the Adviser or its affiliates may receive a carried interest allocation on certain realized profits in the Funds. These payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The Adviser generally has the authority to waive carried interest with respect to certain partners as described above in Item 5. “Fees and Compensation.”

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

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

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

Item 7 - Types of Clients

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

Each Fund will generally have a minimum investment amount between \$5 million and \$10 million for third-party Investors in the Funds, and the Funds’ interests will be offered and sold solely to qualified purchasers or qualified knowledgeable personnel of the Adviser. Such minimum investment amounts may be waived by the Adviser.

Item 8 - Investment Strategies, Investment Philosophy and Risk of Loss

The Funds represent an opportunity to invest in opportunistic, distressed, and special situations, including equity and debt positions. The Funds are focused on investments primarily located within the country's top 25 MSAs with positive underlying growth trends and fundamental tailwinds. Importantly, the Funds will target middle market opportunities where it believes its reputation as a reliable counterparty, solutions-oriented approach, and extensive lender relationship network distinguishes it from the competition.

The Senior Management Team has developed a strong track record of successfully sourcing and executing complex transactions and has established institutional operating processes and systems to mitigate risk. With a keen focus on downside protection and cash flow, Machine believes it is well positioned to capitalize on the abundance of compelling opportunities resulting from the ongoing pandemic.

The General Partner believes it maintains a competitive advantage vis-à-vis its competition through multiple attributes, namely its broad investment experience, flexible approach, diverse sourcing channels, strict risk discipline, and institutional operating processes developed over many years.

Broad Investment Experience

Machine is a cycle-tested manager whose Founders previously invested approximately \$1.5 billion of equity capital during their tenure at Garrison, where they developed an expertise in opportunistic, distressed and special situations investment strategies. These prior investments included exposure to a variety of sectors, markets, and capital structures representing nearly 50 transactions and over 250 assets. Importantly, unlike many of its competitors, Machine has no ongoing legacy issues as all of its investments have been made in a post-COVID environment. The Funds will employ a similar investment strategy primarily focused on the top 25 markets nationally, with the ability to invest in what it believes to be the most attractive positions throughout the capital stack.

Flexible Approach

The Funds will leverage Machine's broad investment experience to employ a flexible investment approach. Over the years, Machine investment professionals have developed valuable structuring expertise across both debt and equity investments, including workouts. The Funds will leverage the firm's collective expertise to seek to craft a diversified portfolio of investments based upon prevailing market dynamics.

Diverse Sourcing Channels

Machine investment professionals have built a deep relationship network developed over many years resulting in access to deal flow. Acquisition channels include both traditional and non-traditional sources of deal flow, such as joint venture operating partners, REITs, brokers, consultants, advisors, bond holders, and other third-party relationships. Machine has developed an organized coverage model designed to ensure a broad pool of contacts remain consistently engaged, leading to off-market opportunities and a competitive advantage in brokered situations. The Funds will leverage the General Partner's relationship network to seek attractive investment opportunities with compelling return profiles.

Strict Risk Discipline

Machine is keenly focused on risk mitigation and capital preservation. As such, Machine emphasizes attractive entry points, optionality, and underwrites investments on an unlevered basis with multiple sensitivities. In general, Machine seeks to avoid binary outcomes and a reliance on macro assumptions, including cap rate compression and market rent growth, to justify pricing.

Institutional Operating Processes

With deep institutional pedigrees, Machine has developed disciplined, unemotional operating processes and systems that have been refined over multiple cycles. Having previously managed and invested sizable pools of institutional capital over several years, the Machine team has significant fiduciary experience.

The Machine investment philosophy has been cultivated by the firm's extensive experience and many years working together. The firm's principles are rooted in their belief that excellent investing begins with being an excellent partner. As such, Machine is focused on providing consistent, opportunistic returns for limited partners, while also minimizing losses.

Seek advantageous entry points

Machine focuses on current cash flow and arbitrage opportunities in order to seek to minimize risk. As such, advantageous entry points, with attractive current cash flow, a significant discount to replacement cost or a cap rate differential across market buyers are important components of a Machine investment.

Be disciplined, diligent and non-emotional

Having invested across cycles, Machine has developed a comprehensive investment process. Machine's belief is that value is created or lost at every step of an investment process and it is essential that each phase is executed with a disciplined approach. Machine's approach to investing requires a diligent, non-emotional approach from the onset, during underwriting, through asset management and ultimate exit.

Eliminate binary outcomes

Even the most transparent and efficient markets can produce unpredictable results. In order to seek to mitigate risks, Machine intends to pursue investments that offer business plan optionality to accommodate inevitable shifts in market dynamics and provide downside protection to investors.

Be a trusted partner

Machine takes a long-term approach towards relationships with all its stakeholders and seeks to be an excellent partner in every new business venture. Machine has developed a reputation as a desirable counterparty, helping the firm maintain its broad and differentiated sourcing network which expands outside the typical real estate channels. Machine believes in the power of being a trusted partner and credits their reputation as a critical component of their success.

General Risk Factors

An investment with the Adviser involves a number of significant risks relating to investments in limited partnerships generally and relating to the structure and investment objectives of the Funds in particular.

General Real Estate Risks. The Funds' investments will be subject to the risks incident to the ownership and operation of real estate and real estate-related businesses and assets, including changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of tenants, buyers and sellers of properties, changes in operating costs and expenses, changes in taxes, changes in energy pricing, risks due to dependence on cash flows, uninsured losses or delays from casualties or condemnation, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, interest rate levels, environmental liabilities, contingent liabilities, risks and operations problems arising from construction problems or similar liabilities, successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property), acts of God, acts of war (declared or undeclared), terrorist acts, work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors and other factors beyond the control of the General Partner, the Funds and their respective affiliates.

Future and Past Performance. The performance of the principals of the General Partner's prior investments is not necessarily indicative of the Investors' future results. While the General Partner intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Concentration of Investments. The Funds will participate in a limited number of investments and may seek to make several investments in certain regions or sectors within a short period of time. As a result, the Funds' investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular sector may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer real estate and real estate-related assets and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing real estate and real estate-related transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. Further, the investments sought by the Funds may require investors, including the Funds and the Management Company, to meet certain financial requirements, such as having a minimum amount of assets under management, and there can be no assurances that the Funds will qualify as an investor in each investment that the General Partner believes is suitable for the Funds. If the Funds do not qualify for such investment, the Funds may be required to forego such investment opportunity. However, regardless of the extent to which the Commitments of the Limited Partners are invested (or drawn down to be invested), Limited Partners will be required to pay Management Fees during the Investment Period based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the Partnership Agreement.

Need for Follow-On Investments. Following its initial investment in any investment, the Funds and/or other equity or debt investors in the properties in which the Funds invest may decide to invest

additional funds in such investment or may have the opportunity to increase its investment in such investment by investing in additional real estate assets related thereto (whether for opportunistic reasons, to fund the needs of the investment, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that the Funds or such other persons will make follow-on investments or that the Funds or such other persons will have sufficient funds to make all or any of such investments (including an event of default under applicable debt documents in the event an equity cure cannot be made). Any decision by the Funds or such other persons not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a particular real estate asset in need of such an investment and the Funds' financial performance.

Dynamic Investment Strategy. While the General Partner generally intends to seek attractive returns for the Funds primarily through making opportunistic and value-add investments in U.S.-focused real estate and real estate-related assets as described herein, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner may pursue investments outside of the sectors or regions in which the principals of the General Partner (the "**Principals**") have previously made investments.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (and the Management Fee payable to the Management Company (or an affiliate thereof)) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including unfunded Commitments.

Leveraged Investments. The Funds may employ leverage in the acquisition, operation and ownership of their investments and may refinance their investments, if desirable. Debt could take the form of (but is not limited to) a warehouse line of credit, selling A-Notes, utilizing credit facilities or mortgage or other financing at the property level or ownership level. Such use of leverage generally magnifies the Funds' opportunities for gain and its risk of loss from a particular investment. However, any such leverage may be made on a recourse or non-recourse and/or secured or unsecured basis, and therefore may subject other assets of the Funds and the Limited Partners' Commitments to risk of loss. The Funds may make use of leverage by incurring or having an entity incur debt to finance a portion of their investment in such entity, including in respect of Funds investments not rated by credit agencies. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Funds will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. Leveraged investments may be subject to restrictive financial and operating covenants and the Funds may provide guarantees in order to secure such leverage. In the event an investment cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the investment, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be limited or costly at the time the Funds determines that it is desirable to sell all or a part of an investment, the Funds may not achieve an exit capitalization rate consistent with its forecasts. Moreover, certain entities in which the Funds will invest generally will not be rated by a credit rating

agency. The Funds may also borrow money or guaranty indebtedness (such as a guaranty of an investment's debt, a letter of credit or other forms of promise to provide funding). The Funds may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when the Funds were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In certain circumstances, the Funds may be prohibited from exercising (or the General Partner may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one investment fund or entity managed by the General Partner or the Management Company (including the Funds) may be subject to creditor claims regarding the subordination of interests. In addition, to the extent the Funds incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Funds' investors and such investors' contributions may be required to be made directly to one or more lenders instead of the Funds. The amount of leverage which the Funds may utilize at any time may be large in relation to its capital. Finally, leverage may include so-called "balloon" payments at maturity if leverage is not fully amortized by maturity and such "balloon" payments may be difficult or even impossible to refinance on attractive terms, thus potentially magnifying losses in respect of leveraged investments.

Potential Restrictive Covenants. The Funds may enter into a credit facility with one or more lenders in order to finance their operations (including the acquisition of the Funds' investments). It is anticipated that any such credit facility will contain a number of common covenants that, among other things, might restrict the ability of the Funds to: acquire or dispose of assets or businesses; incur additional indebtedness; make expenditures, distributions or capital calls; create liens on assets; enter into leases, investments or acquisitions; consent to transfers of interests in the Funds; make amendments to the governing documents of the Funds; or engage in certain transactions with affiliates, and otherwise restrict activities of the Funds without the consent of the lenders. In addition, such a credit facility would likely require Funds to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements.

Limited Transferability of Fund Interests. There will be no public market for the Funds interests, and none is expected to develop. There are substantial restrictions upon the transferability of Funds and applicable securities laws. In general, withdrawals of Funds interests are not permitted. In addition, Funds interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the Partners and it may be difficult to liquidate such investments received at a price or within a time period that is determined to be ideal by such Partners. After a distribution of an investment is made to the Partners, many Partners may decide to liquidate such investment within a short period of time, which could have an adverse impact on the price of such investment. The price at which such investment may be sold by such Partners may be lower than the value of such investment determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

Reliance on the General Partner and the Management Company. The Funds have no operating history and will be dependent on the General Partner and the Management Company. Control over the operation of the Funds will be vested with the General Partner and the Management Company, and the Funds' future profitability will depend largely upon the business and investment

acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Funds' ability to realize its investment objectives. In addition, the Principals may in the future, manage other investment funds besides the Funds and the Principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Principals. Limited Partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Funds will depend on the actions of the General Partner and the Management Company. In addition, certain changes in the General Partner or the Management Company or circumstances relating to the General Partner or the Management Company may have an adverse effect on the Funds and or one or more of its real estate and real estate-related assets including potential acceleration of debt facilities.

Inability to Execute Business Plan. There can be no assurance that the General Partner and the Management Company will be able to execute the business plan for the Funds or any or all of the Funds' investments. Unforeseen factors may arise that the General Partner or the Management Company is not in a position to control, which may interrupt the General Partner and Management Company's investment program and/or negatively impact returns on the Funds' investments. For example, opportunities to renegotiate or restructure existing, unfavorable debt with respect to the Funds investment may be limited due to the existence of conflicting priorities of lenders or other third parties. Alternatively, in the case of an investment by the Funds in a real estate-related loan or debt security, the Funds may (subject to contractual protection limiting such exposure) be subject to borrowers re-paying such mortgage debts earlier than anticipated and as such, be exposed to downside prepayment risk, which may impact the returns with respect to such an investment. Furthermore, an applicable tax regime or regulation, such as planning or zoning regulations with respect to development projects that may have made the particular Funds investment desirable upon acquisition may be subsequently varied or amended and, as a consequence, the Funds investment may no longer achieve the same returns as originally anticipated.

Third Party Co-Investment; Reliance on Third-Party Joint Venture Partners and Managers. The Funds are permitted to co-invest through partnerships, joint ventures or other entities with one or more third parties as a co-venturer or partner, including with the seller (or an affiliate thereof) of the property, a person involved in the selling or acquisition of the property, an investor in the Funds (or other vehicle controlled by Machine) or other third parties. Such investments have the potential to involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Funds and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer or partner of the Funds may at any time have economic or business interests or goals that are inconsistent with those of the Funds; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the Funds' investment objective; (v) the co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Funds may be liable for actions of its co-venturers or partners. The co-venturer or partner may be a joint venture partner or interest holder in another joint venture or other vehicle in which Machine or its affiliates has an interest or otherwise controls. The co-venturer or partner may also be entitled to receive payments from, or allocations or performance-based compensation (e.g., carried interest) in respect of, the Funds as well as such investments, and in such circumstances, the General Partner reserves the right to treat any such amounts as Fund expenses and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Machine, be deemed paid to or received by Machine or reduce the Management Fee. Moreover, the General Partner or the Management Company reserve

the right to receive fees associated with capital invested by a co-venturer or partner relating to investments in which the Funds participate. This may be in connection with a joint venture in which the Funds participate or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the General Partner or the Management Company performs services. In addition, the Funds are permitted to co-invest with non-affiliated co-investors or partners whose ability to influence the affairs of the companies in which the Funds invest may be significant, and even greater than that of the Funds and as such, the Funds may be required to rely upon the abilities and management expertise of such co-venturer or partner. It may also be more difficult for the Funds to sell their interests in any joint venture, partnership or entity with other owners than to sell their interests in other types of investments (and any such investment may be subject to a buy-sell right). The Funds are permitted to grant co-venturers or partners' approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require the Funds to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, the Funds may be unable to fully realize its expected return on any such investment. Further, to the extent that the Funds offer any co-investment opportunity to any Limited Partners or third parties, some or all of the risks described above have the potential to also apply to such co-investments.

Further, the Funds will likely rely on third parties (some of which may also become co-investment partners with the Funds) to act as developers or joint venture partners in connection with the acquisition, development, construction, renovation or operation of its properties. This reliance on third-party developers or joint venture partners may increase the costs to the Funds through the payment of development fees, incentive fees, management fees and other amounts and may increase the risks to the Funds if, and to the extent, such a developer or operator fails or is unable to comply with agreed-upon plans, budgets or timetables. Although the General Partner intends to monitor the performance of each investment, it will primarily be the responsibility of third-party property managers to manage certain properties on a day-to-day basis. The Funds' results of operations, including its ability to make payments on any indebtedness, will depend in large part on the ability of these third-party managers to operate and lease such properties on economically favorable terms. There can be no assurance that such third-party management firms will be able to operate each investment successfully. Moreover, the risks of dependence on third-party management firms are different by property type and by investment stage (for example, properties in development or redevelopment will have a greater dependence on the leasing abilities of a third-party manager or leasing agent). Property managers may provide management and leasing services to properties owned by others that compete with one or more investments. As a result, these property managers may at times face potential conflicts of interests in the management and leasing of investments and properties owned by third parties. Property managers may receive a base management fee based upon gross revenues. Such fee arrangements with a property manager may create a potential incentive for the relevant investment to be managed in a manner that is not consistent with the Funds' objectives.

Services. In certain circumstances, the General Partner and/or its affiliates reserve the right to provide any or all of the services (including, accounting, legal, administration and other services for the Fund and property management services with respect to the Fund's investments) that the General Partner determines would otherwise be performed for the Fund or its investments by third parties on terms that are determined by the General Partner to be fair and reasonable to the Fund. In such events, such Persons will earn fees or otherwise be reimbursed for performing such services as the

General Partner, in its sole discretion, determines is allocable to such services. As a result, the General Partner may be subject to a potential conflict of interest in determining the costs of such services that will be charged to the Funds. In addition, such use or retention may create an incentive for the General Partner to favor its affiliates over more qualified service providers.

Absence of Operating History. The Funds have no operating history and will be entirely dependent on the General Partner. While the Principals have previous experience making and managing investments similar to those contemplated by the Funds, the General Partner and the Management Company are newly formed and have no operating history or performance track record. Furthermore, there can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments of the Principals. In addition, the Funds' investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular investment, types of investments within a particular region or sector, amount of leverage used, structure, and holding period.

Projections. Projected performance for the Funds' investments normally will be based primarily on financial projections. In all cases, projections are only estimates of future results that are based upon information relating to investments and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Hedging Arrangements. The General Partner may (but is not obligated to) endeavor to manage the Funds' or any investment's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, disease outbreaks or epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire investments, in

an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and its investments to execute their respective operations and to receive an attractive multiple of earnings upon disposition. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' investments.

Public Health Emergencies; COVID-19. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak continues to evolve, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses have also implemented similar precautionary measures. In addition, state, federal and non-U.S. laws and regulations have been implemented (and other laws and regulations continue to be considered) as a result of the COVID-19 pandemic that place restrictions on lenders and landlords in the real estate sector and other industries from exercising certain of their rights in the event of borrower or tenant defaults or delinquencies, including with respect to foreclosure and eviction rights. For example, certain states have implemented mortgage payment relief packages for homeowners or instituted executive orders suspending the enforcement of residential or commercial evictions and U.S. federal regulators have implemented a moratorium on evictions and foreclosures on homeowners with mortgages backed by the federal government for non-payment of rent. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have created significant disruption in supply chains and economic activity and have had a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. As COVID-19 continues to spread, the potential long-term including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Funds and their Investments and could adversely affect the Funds' ability to fulfill their investment objectives.

The extent of the impact of any public health emergency on the Funds' and their Investments' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the investments, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve its investment objectives, all of which could result in significant losses to the Funds. In addition, the operations of the Funds, its Investments and the General Partner may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency. There can be no assurance on the continuing effects of COVID-19 on the economy generally or its effect on the Funds and the ability to achieve their investment objectives.

Competition with Other Owners of Similar Properties. The Funds will face significant competition from other developers, owners and operators of similar properties in the same markets and may be in competition with other properties owned or managed by Machine for its own account or for

other client accounts, including in respect of properties (i) in which the Principals hold a direct or indirect interest (other than through the Funds), (ii) in which the Principals have or are otherwise subject to an existing commitment (including with respect to any previous employment) or (iii) which are under active consideration, in process or pending completion by the Principals, in each case, prior to the initial closing of a Fund. This competition may affect a Fund's ability to attract and retain tenants and may reduce the rents the Funds are able to charge. Additionally, when the Funds seek to sell its properties, it will compete with other owners of similar properties, which, instances, may include Machine or the Principals for its own account or for other client accounts, in connection with the sale of properties.

Conflicting Investor Interests. Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment and tax objectives of the Funds and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Cyber Security. The information technology systems of the General Partner, the Fund, and/or the Fund's investments may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes). Although the General Partner has implemented various measures to manage risks relating to these types of events, if such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, the General Partner, the Fund and/or an investment may be required to spend time and/or incur expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plan may cause significant interruptions in

The General Partner's, the Fund's and/or an investment's operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to Limited Partners and/or the beneficial owners of Limited Partners). Such a failure could harm the General Partner's, the Fund's, an investment's, a Limited Partner's or a beneficial owner of a Limited Partner's reputation, subject such persons to legal claims, or otherwise affect the business and financial performance of such persons.

Placement Agents. One or more parties may act as placement agents (each, a "**Placement Agent**," and together, the "**Placement Agents**"), in that capacity, act for the General Partner and in such capacity would not act as investment advisers to potential investors in connection with the offering of the interests. The General Partner and/or its affiliates will pay each Placement Agent a placement fee based upon the amount of Commitments made by investors that each such Placement Agent introduces to the General Partner, and each Limited Partner may be required to bear placement fees incurred with respect to its investment in a Fund. Potential investors should also note that at various times, the Placement Agents can be expected to act as placement agents for other fund sponsors and funds, including unaffiliated fund sponsors and funds, which may offer interests that are similar to the interests and/or otherwise compete with the Funds for investments. Those unaffiliated sponsors may pay placement fees on terms different from the fees that the Placement Agents will receive from the General Partner in connection with this offering, and this difference in fees may influence the Placement Agents to introduce or not introduce potential investors to the General Partner. Furthermore,

certain Placement Agents may seek to do business with and earn fees or commissions from other investment funds and their portfolio companies and affiliates of the General Partner. Examples of such business may include, without limitation: provision of financing or other investment banking services; lending or arranging credit; and provision of prime brokerage. Each potential investor should consider these issues in making its own investment decision.

Side Letter Agreements. The General Partner may, and likely will, enter into side letters or other agreements (including the governing documents of any parallel investment entities) with particular Limited Partners in connection with such Limited Partner's investment in the Funds without the approval of any other Limited Partner, which have the effect of establishing rights under or altering or supplementing the terms of the Partnership Agreement with respect to such Limited Partner in a manner more favorable to such Limited Partner than those applicable to other Limited Partners. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) economic arrangements, including different carried interest calculations and reduced Management Fees or Acquisition Fees, (ii) altered redemption rights, (iii) excuse rights applicable to particular investments (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, such investments), (iv) the General Partner's agreement to extend certain information rights or additional reporting to such Limited Partner, including to accommodate special regulatory or other circumstances of such limited Partner, (v) waiver or modification of certain confidentiality obligations and/or documentation that might be requested by the General Partner for the benefit of lenders or other persons extending credit to or arranging financing for the Funds, (vi) consent of the General Partner to certain transfers by such Limited Partner or other exercises by the General Partner of its discretionary authority under the Partnership Agreement for the benefit of such Limited Partner, (vii) restrictions on, or special rights of such Limited Partner with respect to the activities of, the General Partner and its affiliates, including restrictions on the General Partner's ability to exercise rights under the Partnership Agreement with respect to such Limited Partner, (viii) withdrawal rights (subject to consent of the General Partner) due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies, (ix) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a Limited Partner, (x) matters regarding such Limited Partner's right to participate in co-investment opportunities, (xi) alterations to the standard of care applicable to the General Partner, or (xii) additional obligations, and restrictions of the Funds with respect to the structuring of any investment (including with respect to alternative investment vehicles). Any rights or terms so established in such agreement with a Limited Partner will govern solely with respect to such Limited Partner (but not any of such Limited Partner's assignees or transferees unless so specified in such side letter or otherwise agreed to by the General Partner) and will not require the approval of any other Limited Partner notwithstanding any other provision of the Partnership Agreement. The other Limited Partners generally will not have the right to receive notice of, review, or elect to receive the rights or benefits contained in any such agreement with another Limited Partner. Notwithstanding the fact that a Limited Partner may have a most-favored-nations provision in its side letter, such Limited Partner may not, notwithstanding the terms of such side letter provision, have the right to elect certain rights or benefits granted to other Limited Partners in their side letters or other agreements.

Investments in Real Estate Debt. The Funds may hold direct or indirect investments in real estate-related debt instruments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real-estate related debt investments are subject to a variety of risks, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or

statutory restrictions on the exercise of contractual remedies for defaults of such investments. Purchases of participations in real estate loans raise substantially the same risks as investments in real estate loans. Debt investments have special inherent risks relative to collateral value. In the event of default, the source of repayment is limited to the value of the collateral and may be subordinate to other lien holders (and the collateral value of the property may be less than the outstanding amount of the Fund's investment).

Non-Performing Loans; Foreclosure Process. Debt investments (including real estate loans) by the Funds may be at the time of their acquisition, or may become after origination, participation or acquisition, non-performing for a wide variety of reasons, many of which are outside the control of the General Partner, the Funds or their affiliates. Non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. To the extent that the Funds purchase partial interests in non-performing loans, the Funds may not have control over the workout process or the management of the real estate assets after such a workout.

The General Partner may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased or originated by the Funds. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may 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 may result in disrupting ongoing leasing and management of the property.

B-Notes Investments. The Funds may invest in one or more B-Notes. A “**B-Note**” is a commercial mortgage loan typically (i) secured by a first mortgage on a single large property or group of related properties and (ii) subordinated to an “A-Note” secured by the same first mortgage on the same collateral. As a result, if a borrower defaults, there may not be sufficient funds remaining for the holder of the B-Note. B-Notes do not have any secondary market, raising additional liquidity risks. However, since each B-Note is privately negotiated, B-Notes can vary in their structural characteristics and risks, including, for example, the rights of the holder of the B-Note to control the process following a borrower default. Furthermore, since they are typically secured by a single property, B-Notes reflect the risks associated with significant concentration.

Mezzanine Investments. The properties in which the Funds will invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company or property, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on the Funds' investments when due. The leveraged capital structure of the Funds properties will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. The Funds' investments in such properties may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any property cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the property, which

could adversely affect the returns of the Funds. Furthermore, the entities and investments in which the Funds will invest generally will not be rated by a credit rating agency.

The mezzanine and junior debt investments of the Funds typically will be subordinated to the senior obligations of an issuer, either contractually (in the case of debt securities) or because of the nature of the security (in the case of preferred stock or common stock). In addition, many of the remedies available to subordinated holders are available only after satisfaction of claims of senior creditors. Any such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. Adverse changes in the financial condition of an issuer or in general economic conditions (or both) may impair the ability of this issuer to make payments on the subordinated securities and result in defaults on and declines in the value of these securities more quickly than in the case of the senior obligations of such issuer.

Mortgage Investments. The Funds may originate, participate in and/or acquire real estate loans that are non-recourse to the borrower. Mortgage investments have special inherent risks relative to collateral value. To the extent the Funds makes or acquires subordinated or “mezzanine” debt investments, the Funds do not anticipate having absolute control over the underlying collateral as the Funds will be dependent upon third party borrowers and agents and will have rights that are subordinate to those of senior lenders. In certain circumstances, the Funds’ loans may not be secured by a mortgage, but instead by such other collateral that may provide weaker rights than a mortgage. In an event of default, the Funds’ source of repayment will be limited to the value of the collateral and may be subordinate to other lienholders. The collateral value of the property may be less than the outstanding amount of the Funds’ investment.

Debt Investments. The debt securities in which the Funds may invest typically will be either secured by a borrower’s ownership interests in a property or unsecured, and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. The ability of the Funds to influence the affairs of an investment, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the Funds of their rights as a creditor. Accordingly, the Funds may not be able to take the steps necessary to protect their investments in a timely manner or at all. In addition, the debt securities in which the Funds may invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any investment, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of any such Funds investments. Funds’ investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Funds earlier than expected. In addition, depending on fluctuations of the equity markets, warrants and other equity securities may become worthless. Accordingly, there can be no assurance that the Funds’ internal net rate of return objective will be realized.

Lower Credit Quality Investments. There are no restrictions on the credit quality of the investments of the Funds. The Funds intend to invest in investments that may have substantial vulnerability to default in payment of interest and/or principal. Investments purchased by the Funds

generally will not be rated by rating agencies, and, if rated, may have the lowest quality ratings provided by such rating agencies. Lower rated and unrated investments have large uncertainties or major risk exposures to adverse conditions. Generally, such investments offer a higher return potential than higher rated investments but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these investments (such as subordinated investments) also tend to be more sensitive to changes in economic conditions than higher rated investments. Declining real estate values in particular will increase the risk of loss upon default, and may lead to a downgrading of the investments by the rating agencies, if rated. The value of such investments may also be affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

Non-controlling Investments. The Fund may hold debt obligations and other non-controlling interests in real estate investments and, therefore, will have a limited ability to protect the Funds' position in such investment. However, the General Partner will seek appropriate creditor and/or shareholder rights to help protect the Fund's interest.

Risks of Derivatives. The Funds may utilize derivative instruments and techniques in order to hedge interest rate and currency risk to which it is subject. In addition to the general risks involved in any hedging activities, engaging in derivative transactions is subject to specific risks. The prices of all derivative instruments, including options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or other instruments underlying them. In addition, the Funds will also be subject to the risk of the failure of any of the exchanges on which it trades derivative instruments or of their clearinghouses.

There can be no assurance that the Funds' hedging activities will have the desired effect on the performance of the Funds. The use of hedging transactions involves certain risks, including (i) the possibility that interest and currency rates fluctuate in a manner that would have led to better performance for the Funds if the Funds have not entered into such a transaction, (ii) the risk of imperfect correlation between the risk being hedged and the instrument used to hedge such risk, and (iii) potential lack of liquidity for the instrument used to hedge the risk. Engaging in hedging transactions may result in worse overall performance for the Funds than if it had not engaged in any such hedging transactions.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

Counterparty Risks in Derivative Transactions. The Funds may effect hedging or other derivative transactions "over-the-counter" or in "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the applicable contract (whether or not such dispute is bona fide) or because of a credit or liquidity problem, causing the Funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The General Partner has

no internal credit function that evaluates the creditworthiness of a counterparty in such a transaction. Further, while the General Partner will take great care in selecting brokers or dealers who will maintain custody of certain of the Funds' assets held as margin or other collateral for the Funds' borrowings, there is a risk that any of such brokers or dealers may become insolvent. It is expected that all of the Funds' assets that are deposited with such brokers or dealers will be held in such brokers' or dealers' "street name" and hence the Funds will be exposed to a credit risk with respect to such parties. During the global recession, several prominent financial market participants failed or nearly failed to perform their contractual obligations when due - creating a period of great uncertainty in the financial markets, government intervention in certain markets and in certain failing institutions, severe credit and liquidity contractions, early terminations of transactions and related arrangements, and suspended and failed payments and deliveries.

Prepayments. The yield on any of the Funds' assets, and accordingly the overall return generated by the Funds, will be affected by the rate and timing of principal payments of such assets. The rate and timing of these principal payments, or in the case of principal losses, principal or notional write-downs, will be affected by, among other factors, (i) unscheduled principal payments or collections in the form of voluntary prepayments of principal or unscheduled recoveries of principal due to defaults, and (ii) the order of priority in which such principal and collections are distributed in reduction of the actual or notional principal balance of the assets.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUNDS. PROSPECTIVE INVESTORS SHOULD READ APPLICABLE GOVERNING DOCUMENTS AND CONSULT WITH THEIR OWN ADVISERS BEFORE PURCHASING INTERESTS.

Item 9 - Disciplinary Information

If there are any legal or disciplinary events that would be material to an investor's evaluation of an adviser or the integrity of an adviser's management, registered investment advisers are required to disclose all material facts regarding such events. The Adviser and its Principals have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

Item 10 - Other Financial Industry Activities and Affiliations

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

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

The Adviser has adopted a written Code of Ethics (the "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets

forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid any actual, potential or perceived conflicts of interest or abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on restricted securities; requires pre-clearance of an IPO, a new private placement, and other limited offerings; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client's interests in Client eligible investments.

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

Accordingly, should the Adviser or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, the Adviser generally would be prohibited from communicating such information to Clients, and the Adviser will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law.

The Code also includes, among other things, requirements that all employees (i) conform their business conduct to applicable state and federal laws and regulations, and (ii) obtain pre-approval of any outside business activities that involve a time commitment that could reasonably be expected to have an adverse effect on the employee's work at the Adviser or conflict with the Governing Documents of the Funds or provide for material compensation to the employee.

The Adviser has also adopted a compliance program, which includes, among other things, a records retention and communication policy, an information security program intended to protect the confidentiality of the information retained by the Adviser and policies designed to ensure compliance with applicable laws and regulations.

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

Item 12 – Brokerage Practices

The Adviser focuses on securities transactions of private investments and generally purchases and sells such investments through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Adviser may also distribute securities to Investors in a Fund or

sell such securities, including through using a broker-dealer, if a public trading market exists. To the extent that the Adviser engages in public securities transactions, it follows the brokerage practices described below.

In the Adviser's private company securities transactions on behalf of the Funds, the Adviser may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund. In determining to retain such parties, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

Item 13 - Review of Accounts

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities held by a Fund. The Adviser closely monitors companies in which the Funds invest, and the Adviser's Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

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

Item 14 – Client Referrals and Other Compensation

The Adviser and/or its affiliates may provide certain business or consulting services to a Fund's portfolio investments and may receive compensation from these companies in connection with such services. As described in the applicable Partnership Agreements, this compensation may offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio investment), these fees may be in addition to Management Fees, as described in Item 5 "Fees and Compensation."

From time to time, the Adviser may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an Investor in a Fund. Any fees payable to any such placement agents and related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

Item 15 - Custody

The Adviser maintains custody of assets held in the name of the Funds with qualified custodians. As noted in Item 13 above, Fund investors will receive annual financial statements audited by an independent public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB). Fund investors are urged to carefully review these statements.

Item 16 - Investment Discretion

The Adviser has discretionary authority to manage investments on behalf of each Fund. As a general policy, the Adviser does not allow Clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, the Adviser and/or its affiliates may enter into Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Adviser assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the Investors in each Fund.

Item 17 - Voting Client Securities

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

Should the Adviser decide to vote its Clients' securities at a future date, the Adviser will adopt and implement policies and procedures which it believes are reasonably designed to ensure that it votes proxies in the best interests of its Clients. In the event that a material conflict of interest is identified, the Chief Compliance Officer or designee will take such steps as he or she deems necessary in order to determine how to vote the proxy in the best interests of the Clients, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant, or the investment professionals responsible for the relevant investment. In each instance, when exercising their voting discretion, the Adviser will seek to avoid any direct or indirect conflict of interest between their respective Clients and their voting decision.

Item 18 - Financial Information

The Adviser does not require the prepayment of Management Fees six months or more in advance, nor does it have any other events requiring disclosure under this item of the Brochure.