



Form ADV
Part 2A Brochure
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Mack Real Estate Credit Strategies, L.P. MREG Fund Management LLC

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This brochure ("Brochure") provides information about the qualifications and business practices of Mack Real Estate Credit Strategies, L.P. ("MRECS"), its "relying adviser," MREG Fund Management LLC ("MFM"), and certain qualifications and business practices of its affiliate, Claros REIT Management LP ("CRM"). MRECS and MFM are each referred to in this Brochure as an "Adviser" and collectively as the "Advisers," "we," "our," "us," etc. 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 our registration with the SEC does not imply a certain level of skill or training.

Additional information about the Advisers is also available on the SEC's Investment Adviser Public Disclosure website which can be found at www.adviserinfo.sec.gov.

If you have any questions about the contents of this Brochure, please contact us at +1 (212) 484-0050 or IR@mackregroup.com.

2. Material Changes

Since our last updating amendment of Form ADV filed on March 31, 2022, we have made clarifying changes and provided additional information in several sections of this Brochure, including with respect to routine annual update changes, enhanced risk disclosures, information concerning certain new private fund strategies, updated regulatory assets under management, and updated disclosures concerning fees and compensation, including updated disclosures concerning compensation for client referrals. We do not consider these revisions to be indicative of any material changes to our business or the governing agreements between the Advisers and their clients.

We recommend that you read this Part 2A of Form ADV in its entirety. Please refer to the Form ADV Part 2A brochure for CRM for additional information about the advisory services provided by CRM (the “**CRM Brochure**”).

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4. Advisory Business

Our Firm Profile

MRECS: MRECS was formed in 2014. MRECS acts as the investment adviser to Mack Real Estate Finance, L.P., a private fund that was formed in 2018 (collectively, with its parallel funds, the “**MREF Funds**”) and MRECS KREI Credit, LLC (“**KCCF**”), a private fund that was formed in 2023. MRECS Holdings LLC is a principal owner with at least a 25% direct ownership interest in MRECS. Richard Mack, Chief Executive Officer and Managing Partner, is also a principal owner who maintains (directly and/or indirectly) at least a 25% ownership interest in MRECS.

MFM: MFM was formed in 2014 and was formerly known as MREG Management L.P. MFM acts as the investment manager to Mack Real Estate Partners L.P. (“**MREP**”), a private fund that was formed in 2014, MREG Qualified Opportunity Zone Fund LLC (the “**QOZ Fund**”), a private fund that was formed in 2019, and MREG GP Fund I, LP (the “**GP Fund**”), a private fund that was formed in 2021. MFM also acts as adviser to other vehicles including, but not limited to, co-investment and transaction or asset specific vehicles. MREG Management LLC is a principal owner with at least a 25% direct ownership interest in MFM. Richard Mack and Solon Mack Partners LLC (which is controlled by Stephen Mack and Robert Feidelson) are also principal owners who maintain (directly and/or indirectly) at least a 25% ownership interest in MFM.

CRM: CRM is an affiliate of MRECS and, prior to August 3, 2020, was a “relying adviser” of MRECS. CRM was formed in 2015 and acts as investment adviser primarily to Claros Mortgage Trust, Inc. (“**CMTG**”), a publicly traded real estate investment trust (“**REIT**”), and certain related investment vehicles. CMTG engages primarily in the business of originating, acquiring and managing senior loans on transitional commercial real estate assets.

MRECS and MFM are referred to in this Brochure individually as an “Adviser” and collectively as the “Advisers.” Terms such as “we,” “our” and “us” generally refer to the advisory business of MRECS and MFM but in certain circumstances are intended to address the collective advisory business of the Advisers and CRM. As used herein, any references to “or” shall mean “and/or” and any references to “including” shall mean “including, but not limited to.”

Our Advisory Services

MRECS is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). MRECS is under common control with MFM and CRM, and its principal office and place of business is the same as that of MFM and CRM. Therefore, while this Brochure concerns MRECS and MFM, some of the information herein applies to our collective advisory services and clients as a whole. Pursuant to a services agreement, certain personnel of MRECS allocate a portion of their business time and attention to CRM. Please refer to the CRM Brochure for additional information about the advisory services provided by CRM.

Each Adviser provides a range of investment advisory activities related to investments in real estate and real estate-related securities. Generally, MRECS provides advice with respect to a broad strategy of investing in commercial real estate credit through loan originations (including construction and land loans), preferred equity investments, recapitalizations, loan acquisitions, public real estate securities and other potential investments, in each case as MRECS deems appropriate depending on market conditions and client investment guidelines or other parameters. MFM provides advice primarily with respect to

controlling equity investments in real estate, including development projects, land, and operating assets, in which Mack Real Estate Group (“**MREG**”) or a commonly controlled affiliate is the general partner or serves in a similar capacity. However, each Adviser may provide advice with respect to other types of investments.

At present, each Adviser provides advice to certain private funds (including related co-invest vehicles) and, to a limited extent, separately managed accounts (collectively, the “**Clients**”). In the future, one or more of the Advisers may provide services to clients through other commingled investment vehicles or separately managed accounts. We intend to advise other funds in addition to those listed herein. We may also in the future advise other funds or investment vehicles on bespoke investment strategies.

The information provided above about our investment advisory services is qualified in its entirety by reference to the applicable governing documents and investor subscription agreements.

Customization of Our Advisory Services

Our advisory services are generally tailored to meet the specific investment objectives and requirements of each Client as set forth in the governing documents establishing our relationship with such Client. These documents may include an investment advisory or management agreement and, in the case of the private funds that we manage, a private placement memorandum, partnership agreement, operating agreement, bylaws and/or other governing documents. The governing documents of each Client typically define a strategy and often impose certain investment restrictions such as the type and geographic location of investments, typical size, maximum leverage and the percentage of the Client’s assets that can be invested in a single asset. Any such restrictions apply to the relevant Client as a whole. We do not provide investment advice to underlying investors in our Clients based on their individual needs. However, at times we enter into side letter agreements with certain investors, without the approval of any other investor, which expand or otherwise modify such investors’ rights or obligations under the governing agreements for a particular Client subject to the terms of such fund’s governing documents and applicable law. As an example, certain side letters provide the relevant investors with insight into our investment process that is not provided to other investors.

Wrap Fee Program Participation

We do not provide services under any wrap fee program.

Assets Under Management

As of December 31, 2022, MRECS and MFM managed approximately \$1,455,030,500 of client “regulatory assets under management” (“**RAUM**”) on a discretionary basis and approximately \$851,700 of client RAUM on a non-discretionary basis.

5. Fees and Compensation

Advisory Fees

We generally receive an asset- or equity-based management fee (“**Management Fee**”) from each Client and, for certain of our Clients, an annual performance-based fee or allocation of profits (also sometimes called a “carried interest”, “promote” or “incentive fee”) (“**Performance Compensation**”). Specific fee arrangements are set forth in the relevant management or advisory agreement with each Client and/or

the governing documents for each Client that we manage. However, we may negotiate different fee arrangements with any Client or with any investor in any of the Clients that we manage, subject to applicable tax, legal and regulatory considerations. We waive Management Fees and Performance Compensation for some (but not necessarily all) of our principals, employees, affiliates and family members as to investments they make in a Client that we advise.

Management Fee

The Advisers generally receive a Management Fee of up to 1.50% per annum, calculated based upon capital commitments or invested capital depending on our negotiated agreements with a Client and its underlying investors. For some Clients, the fee varies based upon whether their active investment period has expired. For example, the Management Fee may be charged based upon (x) capital commitments, during the Client's investment period and (y) invested capital, following the expiration of the Client's investment period. In addition, for some Clients, the Management Fee is charged based upon a blended calculation with specified rates applicable to (x) uncontributed capital commitments and (y) invested capital. The Management Fee may be paid in advance or arrears. For certain Clients, Management Fees are subject to a sliding scale discount provided in respect of larger capital commitments and may also be customized with respect to an underlying investor.

The Advisers are typically permitted in their discretion to waive or reduce the Management Fee applicable to any investor, or all investors, in each Client. Investors should refer to the respective Client's offering documents for detailed information regarding the calculation or payment of Management Fees for that Client. Please see **Item 6** for more information concerning the Advisers' Performance Compensation.

Fee Payment

Management Fees are generally calculated and payable quarterly, either in advance or in arrears, and Performance Compensation is generally calculated upon certain realizations, in each case as agreed with each Client or any investor in any private fund. In some cases, a Client may have the right to terminate an investment management agreement with us. In the event we have received Management Fees exceeding the amount of fees to which we are entitled through the date of termination, such excess amount would be credited to the relevant Client in accordance with its governing documents and applicable law. Management Fees are borne by the respective investment vehicle and in most cases are not reflected prior to determining any incentive allocation.

Other Fees/Expenses

Our Clients typically bear all expenses related to their investments (including investments that are not consummated) and operations, directly (or indirectly, in the case of joint venture expenses and any promote or other fee paid to a third party joint venture partner) or by reimbursing the Adviser or general partner, except to the extent that a borrower or other counterparty agrees to pay such expenses. These expenses reduce returns to Clients as well as the amount of capital available to be deployed in new investments for a Client.

The operating costs borne by our Clients generally include expenses incurred in connection with the sourcing, evaluation, structuring, negotiation, acquisition, management, monitoring, holding, financing, refinancing, servicing and disposition of investments (including without limitation travel and entertainment expenses and expenses relating to the sourcing, evaluation, structuring and negotiation of investments that are not made), legal (including litigation), accounting, auditing, valuation, appraisal,

banking, tax, entity formation as well as management and insurance costs and expenses, indemnification expenses, fund compliance expenses, reporting and communication costs and all other administrative expenses as described in greater detail in the governing documents of each Client. When appropriate, expenses are allocated among participating Client accounts in proportion to their participation in a specific investment, in proportion to their respective net asset values or equity commitments under management, or in such other manner as is determined to be equitable in accordance with the Advisers' policies and procedures.

In addition to the compensation we receive for performing investment management services, we or our related persons (and affiliates of our related persons) may be retained by one or more Clients and/or investment-level subsidiaries for other services such as construction management, property management, asset management, legal, tax, accounting, marketing/leasing, financing, and development and pre-development services that would otherwise be provided by an unaffiliated third party, the nature of which may vary from Client to Client. In the case of MREP, the amounts charged in connection with such services are disclosed to MREP's limited partners on an annual basis and are borne by all limited partners including limited partners who have negotiated the terms of their investments and limited partners who are affiliated with MFM. Annually, MREP limited partners are also provided with the opportunity to object to such fees or expenses or request that third party quotes be obtained (to the extent feasible). The QOZ Fund at times enters into similar arrangements with the firm or its affiliates provided that (i) the terms of any such arrangement, taken as a whole, are no less favorable to the QOZ Fund than could be obtained in a bona fide transaction with unaffiliated third persons, or (ii) such arrangement has been approved by the QOZ Fund's Special Member (the "**Special Member**") or a majority of its investors; provided, however, that certain fees set forth on a schedule to the QOZ Fund's governing documents have been pre-approved by investors so that fees charged in accordance with such schedule do not require further approval. The GP Fund at times also enters into similar arrangements with the firm or its affiliates provided that such rates and reimbursements may be charged if they are approved in writing by the GP Fund's founding LP ("**Founding LP**"); provided, however, that certain fees set forth on a schedule to the GP Fund's governing documents have been pre-approved by investors so that fees charged in accordance with such schedule do not require further approval. The governing agreements of the MREF Funds impose certain requirements with respect to transactions with affiliates including the provision of services from affiliates. These requirements generally involve the disclosure to a limited partner advisory committee of compensation paid to MRECS affiliates and, in some circumstances, permit such committee to approve of compensation paid to, or other transactions with, MRECS affiliates. In the case of future clients, the governing agreements are expected to address any requirements imposed with respect to transactions with affiliates, including the provision of services from affiliates. Please see **Item 10** for more information.

From time to time, the Adviser and its personnel and related parties receive intangible and other benefits, discounts and perquisites arising or resulting from their activities on behalf of the Clients, the value of which will not offset or reduce Management Fees or otherwise be shared with the Clients or investors. Please see **Item 10** – "Other Benefits" for examples of such benefits, discounts and perquisites received by the Adviser, its affiliates and their personnel and related parties.

In accordance with a Client's governing documents, it will bear all expenses related to the formation of the investment vehicle and holding companies, including without limitation legal and accounting expenses associated with the organization and formation of such vehicles, unless a cap has been established.

Sales Compensation

Neither the Advisers nor any of its supervised persons receive brokerage commissions or other compensation for, or in connection with, the sale of securities or other investment products.

From time to time, we utilize unaffiliated third-party solicitors ("**Placement Agents**") in offering certain Clients to investors. Placement Agents generally receive fees and/or other compensation with respect to all or certain of the investors to the Clients that the Placement Agent refers or introduces to the Adviser. For certain Clients, Placement Agents will receive a designated and agreed upon fee, or such other compensation as agreed with the Placement Agent. Investors that are introduced or referred by Placement Agents should carefully review the applicable documents and information provided to them by the Placement Agent for details regarding the specific fees or other compensation relating to their investment, including fees or commissions that are charged directly by the Placement Agent. Accordingly, a Placement Agent could be influenced by its interest in such current or future fees and commissions. Affiliates and employees of certain Placement Agents and introducers may, from time to time, invest in our private funds on their own behalf. Please see **Item 14** for more information.

The information provided above about our fees and compensation is qualified in its entirety by reference to the applicable governing documents of the Clients.

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

As noted in **Item 5**, we receive Performance Compensation from certain Clients. Performance Compensation arrangements vary from Client to Client, and Clients only bear a performance-based fee or incentive allocation in relation to underlying investors who meet any applicable eligibility requirements for bearing such fee or allocation.

The Advisers are typically entitled to receive Performance Compensation amounting to 15% to 30% of investment profits, or of investment profits in excess of one or more specified hurdles, pursuant to a distribution waterfall described in the Client's offering documents and/or governing agreements. Such fees generally require (1) invested capital to be returned to the Client or its underlying investors, and (2) a specified preferred return (typically 7% or higher) to be received by the Client or its underlying investors, in each case prior to the Adviser's receipt of Performance Compensation.

Performance Fees may be negotiated in certain circumstances, generally depending on the nature of the Client's underlying strategy, the services to be provided by the Adviser and such other factors that the Adviser and underlying investors deem relevant at the time a Client is formed. In addition, the Advisers are permitted to waive or reduce the Performance Fee applicable to any or all investors in each private fund (or other Client), or agree with an investor to waive or alter the Performance Fee as to that investor. Investors should refer to the respective Client's offering documents and/or governing agreements for information regarding the manner in which Performance Compensation is borne by that Client.

A primary concern with the use of Performance Compensation arrangements is that they can create an incentive for a firm to engage in riskier investment behavior due to the higher return potential associated with many high-risk investments. Also, an Adviser has an incentive to favor (i.e., spend more time and resources or allocate specific investment opportunities anticipated to be more profitable than others) the accounts of Clients subject to Performance Compensation over accounts not subject to Performance

Compensation, or subject to a lower fee, in order to maximize the potential fee revenue from the account subject to the Performance Compensation.

In order to manage such conflicts of interest, and issues that present the appearance of conflicts of interest, we have adopted a number of compliance policies and procedures to help allocate investment opportunities on a fair and equitable basis, including (i) the Code of Ethics, and (ii) certain investment allocation policies and procedures that provide an allocation process designed to treat all clients fairly and equitably in accordance with the applicable governing documents. We reserve the right to amend the firm's policies and procedures from time to time without notice to, or the consent of, the investors in our Clients, or any other person, subject to any express contractual obligations that may apply. See **Item 11** for additional information relating to how we generally address conflicts of interest.

7. Types of Clients

We currently advise only certain private investment funds and separately managed accounts. However, we intend to provide advisory services to other clients including other commingled investment vehicles in the future.

The private investment funds and separately managed accounts that we manage in the United States ordinarily take the form of limited partnerships or limited liability companies that rely on an exemption from registration under the Investment Company Act of 1940, as amended. To the extent we manage private investment funds that are organized outside the United States, we expect that they would ordinarily take the form of corporations or limited partnerships.

We do not impose a standard set of minimum fees or other conditional requirements for any Client relationships. With respect to Clients that are private investment funds, in some cases there is a minimum capital commitment from each underlying investor. However, a Client's offering documents typically provide that we may accept lesser commitments in our sole discretion, and from time to time we have accordingly waived the applicable minimum capital commitment.

8. Methods of Analysis, Investment Strategies and Risk of Loss

MRECS

MRECS evaluates and makes a variety of commercial real estate debt investments. MRECS employs some or all of the following strategies as deemed appropriate for market conditions and the relevant Client objectives:

Direct Mezzanine / Preferred Equity Investments. We seek to make mezzanine loan or preferred equity investments on existing transitional and stabilized properties alongside banks and other financial institutions in the senior loan position.

Unlevered First Lien Investments. We seek to make investments in senior debt secured by transitional properties in major property types at a relatively low detachment point and without fund-level leverage.

Recapitalizations. At this point in the cycle, we increasingly see transitional real estate projects that are unable to meet their business plans and therefore require additional funding.

Construction / Land Lending. We seek to make loans on to-be-developed properties within major metropolitan areas. These loans are characterized by strong sponsorship, lower loan-to-cost ratios than operational assets and feasible business plans. We will rely on the deep construction experience of MREG and its affiliates in underwriting these transactions.

Control of the Capital Stack. We may consider “stretch senior” loans and will seek to generate attractive returns for the subordinated position by providing a one-stop solution to the borrower and assuming the syndication risk of financing senior participation. Our management team has deep relationships with banks and other senior debt providers that we believe will allow us to execute this strategy.

Acquiring Legacy Loans. Increasingly, we believe there will be tactical situations to acquire subperforming legacy loans at discounts from financial institutions, owing to a changing regulatory environment, capital needs elsewhere in such institutions’ business and potential workouts which current owners are unequipped to handle.

Public Real Estate Securities. We believe dislocations in the real estate debt markets will, on occasion, create the ability to buy listed securities at attractive pricing.

The MRECS investment process is guided by several key principles:

Basis. We believe that basis (\$ per key, \$ per square foot, \$ per unit, etc.) is a key factor in determining the success of our investments. We focus on the basis of a potential borrower and its ability to generate profits in the property, and we are highly focused on seeking to ensure that our loan basis is defensible and resilient in the face of market dislocation.

Borrower Expertise. We seek to make investments backed by borrowers who have a demonstrable track record in owning and operating real estate, and which have executed similar business plans.

Leverage Broader Firm Platform. We seek to leverage the affiliated professionals across the Advisers’ investment, development and property management teams to inform our underwriting of a borrower’s revenue and cost assumptions, and structure investments to seek to limit downside risk.

Disciplined Underwriting, Loan Documentation and Investment Committee Procedures. We employ an ownership mindset in our origination, underwriting and asset management disciplines. Our loan documents are designed to hold borrowers accountable to the achievement of their business plans. Our investment committee is comprised of real estate debt investment, equity investment and development veterans that scrutinize all material aspects of a loan and the borrower’s business plan.

Execution Risk, Not Capital Market Risk. We are comfortable taking execution risk in complex transactions provided they present opportunities to achieve attractive risk-adjusted returns in our view. We do not expect our returns to be dependent on excessive basis/leverage and/or recourse financing against our investments. We seek to accept syndication risk only when we believe there will be robust market demand for the senior debt position.

Focus on Asset Management. We believe that maximizing value for investors requires intense asset management. Our asset management professionals visit assets regularly. We seek to hold borrowers strictly to their business plans and our familiarity with the assets allows us to assist the borrower or step in to take over an asset in the unlikely event that this becomes necessary.

Potential for Downside Protection. We emphasize preservation of capital and seek out transactions where we are most confident in our ability to be repaid even in the event of foreclosure or borrower default.

We seek to hedge or otherwise mitigate interest rate, credit, currency and investment-related risks to the extent applicable and appropriate in light of the overall objectives of our Clients. Leverage may be utilized in accordance with the relevant offering and governing documents. We may also seek additional strategic investment opportunities on behalf of the Client in a manner consistent with their investment objectives.

MFM

Through MREP, MFM has focused its efforts predominantly on the development of multi-family housing. Through the QOZ Fund, MFM is primarily focused on making investments targeting the renovation, repositioning and/or development of multifamily and industrial/distribution properties located in qualified opportunity zones. Through the GP Fund, MFM is focused on seeking out controlling and co-general partner equity investments that are capitalized primarily by institutional partners.

MFM generally has a long investment horizon. Accordingly, it is the long-term, real return growth prospects that are among the most critical to MFM's current investment strategy and decision-making, not short-term rates of return.

Material Risks

Investing in securities involves risk of loss that investors in the Clients that we manage should be prepared to bear. The following is a summary of some of the material risks associated with the strategies expected to account for a significant portion of our investments. This summary does not attempt to describe all of the risks associated with the investment vehicles we manage or to provide a complete description of any of the individual risks referenced. Although no summary can fully describe all the risks associated with such investment vehicles, investors in our Clients should consult with the applicable private placement memorandum or other offering document for a more complete description of the risks associated with an investment therein.

There is no guarantee that any investment strategy that we use will be effective, and each investor in a Client account that we manage should evaluate its ability to maintain its investment in light of the investor's own time horizon and risk profile.

Real Estate Risks

Overview

All of our investment strategies involve real estate, primarily of a commercial nature (including multifamily rental housing). Real estate values have historically experienced significant, cyclical fluctuations that may result in substantial losses to the Clients and investors. Values and cash flows may be affected by a number of factors, including changes in the general economic climate, local market conditions (including the availability of space of a particular kind relative to demand), attractiveness and location of properties in

which we invest and comparable properties, occupancy rates and the financial condition of tenants, construction risks, operating expenses including the ongoing need for capital repairs and improvements, quality of property management services and general maintenance, interest rates and the condition of debt capital markets, property and other taxes, fiscal policies and governmental regulations (including zoning, building codes, rent control, environmental regulations and other applicable laws, regulations and policies), potential liabilities associated with property development, management and ownership and other factors beyond our control such as civil unrest, natural disasters, pandemics and acts of war or terrorism. Certain of these risks are discussed in additional detail below.

Risk of Loss of Capital

Investing in securities involves the risk of loss of capital. Investors that cannot bear the loss of their entire investment in one of our Clients should not make such an investment. While we believe that our investment processes, strategy and research techniques mitigate the investment risk through a careful selection of investment opportunities, no guarantee or representation is made that we will achieve a Client's investment objectives or that we will avoid a loss of capital.

Suitable Investments

We may not be able to continue to find suitable investments, generate sufficient revenue to make or sustain distributions to investors or implement our operating policies and strategies as described in the applicable offering or governing documents. Our ability to generate attractive risk-adjusted returns over the long term is dependent on our ability to generate sufficient cash flow to pay distributions to investors. There can be no assurance that we will be able to generate sufficient revenues from operations to pay our operating expenses and make distributions to investors. Our Clients' results of operations and cash flows depend on several factors, including the availability of attractive risk-adjusted investment opportunities for the origination and/or acquisition of target assets, the ability of an Adviser to identify and consummate investments on favorable terms or at all, the level and volatility of interest rates, the availability of adequate short- and long-term financing, conditions in the financial markets and general economic conditions.

Illiquidity of Investments; Lack of Transferability

Investments the Advisers make on behalf of the Clients generally have limited liquidity. The ability to dispose of these investments, including loans and hard real estate assets, may be limited and some investments (such as real estate joint ventures) are subject to specific transfer restrictions. Accordingly, a Client may be unable to vary its portfolio of investments in response to changes in economic or other conditions that affect the market value of investments in real estate and real estate debt (including changes in interest rates, operating conditions in particular markets, the condition of financial markets and the number of active participants in the markets for real estate securities and their general activity levels). A decrease in liquidity may in and of itself have an adverse effect on the market value of certain investments. Partly as a result of the foregoing, as well as general market inefficiencies respecting credit-impaired investments, carrying values determined by the relevant Adviser may not necessarily be indicative of actual results or amounts to be realized from investments. In addition, no assurances can be given that the fair market value of any investments held by a Client will not decrease in the future or that the Client will recognize full value for any investment that it sells. In some cases, the sale of such investments may be prohibited or limited by contract for a time, and so we may not be permitted to sell such investments at a time we might otherwise desire to do so.

Interest Rate Risk

Interest rate levels have a variety of impacts on investments made for our Clients, some of which can be positive and others adverse. For example, an increase in interest rates will increase a Client's cost of debt financing and reduce amounts available for other purposes, including distributions to investors. In addition, increasing interest rates generally causes outstanding fixed-rate debt securities and interests in fixed rate loans to decline in value. In general, interest rate increases and rising inflation can be expected to materially adversely affect portfolios of real estate debt, decrease the likelihood of successful workouts of distressed debt and increase the likelihood of defaults and foreclosures. The fact that such debt is often originated on a floating rate basis may mitigate, but does not eliminate, such risk.

Inflation

Certain countries, including the United States, have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and may continue to harm the economies and securities markets (both public and private) of certain countries in which the Clients may invest. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Clients.

"Spread Widening" Risk

For reasons potentially but not necessarily attributable to the other risks set forth herein, the prices of the debt instruments and other securities in which we invest for our Clients may decline substantially. It may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing of debt instruments may still not reflect the true value of the real estate assets underlying such debt instruments, and therefore further deteriorations in value with respect thereto may occur following a Client's investment therein.

Use of Leverage

Investments are often leveraged, including by way of embedded leverage within the capital structure of a particular property or the entities that own it. Although the use of leverage can enhance returns, offer the opportunity for increased appreciation, and increase the number of investments that can be made, borrowings (or investments in securities of issuers with leveraged capital structures) may also substantially increase the risk of loss and exposure of investments to adverse economic factors such as significant rising interest rates, severe downturns in the economy or deteriorations in the condition of an investment or the industry, and such investments may be subject to restrictive financial and operating covenants. Borrowings may require the increased use of cash flow for debt service rather than distributions or other purposes. There can be no assurance that a Client will have sufficient cash flow to meet its debt service obligations and, as a result, a Client's exposure to losses may be increased due to the illiquidity of its investments generally. Similarly, investments may be made in entities that are unable to generate sufficient cash flow to meet principal and interest payments on their indebtedness to a Client (or indirect obligations to a Client arising from such indebtedness). Accordingly, the value of such an investment could be significantly impaired or even reduced to zero due to credit deterioration. The use of leverage is subject to the terms in an individual Client's offering documents and other governing instruments or policies including, as applicable, specified limitations on recourse borrowings. In some cases, leverage utilized by subsidiary entities does not count against recourse limits established at the fund level even if such borrowings are cross-collateralized by multiple investments and a substantial

portion of a Client's asset value is at risk, although such borrowings subject the Client to similar risks that would exist if these borrowings were incurred at the Client level.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is long and complex and involves a high degree of uncertainty, especially for timing. In addition, searching for appropriate investments is highly competitive. Even if investment opportunities are identified, there can be no assurance that the Clients' bids to acquire interests in such investments will succeed; and, upon a successful bid, legal or contractual transfer restrictions, including rights-of-first-refusal, change-of-control, and similar provisions applicable to such investment may prevent a Client from acquiring all or a portion of such investment. In addition, we may be unable to obtain as favorable terms as we would otherwise in a less competitive investment environment. The availability of investment opportunities generally will be subject to market conditions as well as the prevailing regulatory or political climate. In addition, the current private equity environment has become even more competitive as other market participants, including hedge funds and special purpose acquisition companies, have been competing for investment opportunities that have traditionally been targeted by private equity funds. The Clients will be competing with other investors, private equity funds, financial institutions and corporate or strategic buyers, some of which will have greater resources than the Clients, for the investments that the Clients will make. Furthermore, additional private funds with similar investment objectives may be formed in the future by other unrelated parties. As a result, there can be no assurance that the Clients will be able to identify and complete investments that satisfy their investment objectives or realize the value of those investments, or that they will be able to fully invest their commitments. Even so, limited partners will need to pay management fees based on aggregate commitments during the commitment period. The difficulty identifying and gaining access to attractive investment opportunities also applies to the management teams of investments, who may not be able to fully invest all the capital committed to those investments by a Client. The Clients and the investments may incur significant expenses investigating potential investments that are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors.

Global Economic Conditions; Market Dislocation

General global economic conditions may affect a Client's activities. Interest rates, general levels of economic activity, fluctuations in the market price of securities and participation by other investors in the financial markets may affect the value and number of investments made by a Client. The instability in the securities markets may increase the risks in portfolio investments made by a Client. If a Client's investments participate in such markets, the results of their operations may suffer. In addition, if marketplace events continue (or worsen), this may harm the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of a Client's investments and the Advisers' ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, a Client could lose both invested capital in and anticipated profits from those investments.

In addition, current global economic conditions could materially and adversely affect, among other things: (i) the ability of a Client, its investments or their respective affiliates to access credit markets on favorable terms or at all in connection with the financing or refinancing of investments, (ii) the ability or willingness of certain counterparties to do business with a Client or its affiliates, and (iii) a Client's exposure to the

credit risk of others in its dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents).

Development and Construction Risks

Debt or equity investments in the development and construction of real estate assets are subject to a variety of specialized risks that may adversely affect a Client's financial performance. In addition to other general real estate risks described herein, the risks associated with property renovation, development, redevelopment and construction include construction delays or cost overruns that may increase project costs and decrease potential profits; delays in obtaining, or the inability to obtain zoning, occupancy and other required government entitlements, variances, permits and authorizations; the inability to repay construction or land loans at maturity; liability under completion, performance, payment or other guarantees which may be issued; and the inability to rent space, or sell units, in newly developed projects.

Credit Risk of Tenants

Clients may invest debt or equity capital in properties for which tenant leases (as opposed to capital appreciation) will generate a significant portion of the cash flows required to make the investment successful. In such cases, Clients are subject to the credit risk of the relevant tenants. In particular, local economic conditions and factors affecting the industries in which these tenants operate may affect the tenants' ability to make lease payments. In the event that tenants default on their leases and fail to make rental payments when due, there could be a significant decrease in a Client's performance and, potentially, there can be second-order effects such as the inability to meet the Client's obligations under any debt financing. In addition, it may not be possible to secure replacement tenants in a timely manner or on comparable terms if tenants default on their leases.

Potential Environmental Liability

Under various laws and regulations, an owner or lender to an owner of real property may have significant liability for contamination found on such property including being liable for the costs of removal or remediation of hazardous substances on or within such property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence and/or origin of such hazardous substances. Customary due diligence efforts may not identify all potential environmental issues. The cost of any required remediation and the owner's liability with respect thereto could exceed the value of the property, the aggregate assets of the owner and any reserves or insurance proceeds available for such liability. Environmental laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. The presence of hazardous substances, or the failure to properly remediate contamination from such substances, may also adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral and may have a significant adverse effect on the investment returns derived from such property. The presence of hazardous substances may lead to claims by private plaintiffs of personal injury, property damage or other claims as well as liens on the property in favor of the government for costs it incurs in connection with the contamination.

Distressed Investments

The Advisers may invest Client capital in nonperforming, underperforming or undercapitalized real estate companies or other troubled assets which involve a heightened degree of financial risk and are

experiencing or are expected to experience severe financial difficulties that may never be overcome and, as a result, may lead to a loss of some or all of the equity invested. Such investments may have been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence; and, as a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected. In addition, certain investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code, which entails additional risks of loss.

Investments through Joint Ventures

Clients may invest as a co-venturer with an unaffiliated third party, and such investments may involve unique risks as compared to independent investments. These risks include the possibility that a Client will not be able to fully implement the strategic decisions that are optimal for its interests because of limitations on the Client's control of the investment under applicable agreements with a co-venturer. In addition, a co-venturer may at any time fail to fund its share of required capital contributions or default on other obligations, as a result of encountering financial difficulties or otherwise, in which event our Client may be required to make additional capital contributions to replace the shortfall and may face delays in the event of the insolvency of a co-venturer. Co-venturers may have economic or business interests or goals which are inconsistent with those of the relevant Clients, and may be in a position to take action contrary to the Clients' objectives such as forcing an untimely sale of an investment. In some cases, a Client may be liable for the actions of a third-party co-venturer. If we are unable to agree on a course of action with a co-venturer, the deadlock could delay the execution of the business plan for the investment or require the Client to invoke a "buy-sell" provision so that one party is obligated to buy the investment and the other is obligated to sell. As a result of these and similar risks, a Client may be unable to timely exit or fully realize its expected return on any such investment with a third party.

Hedging Policies and Risks

In connection with certain types of investment exposure, as applicable, Clients may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for Clients that enter into hedging transactions. In addition, in the event that a hedge fails to perform as anticipated (which can occur if the performance of the hedge becomes uncorrelated with the target investments due to various market factors), a Client may suffer substantial losses. Small hedging errors may be further amplified by leverage, and there can be no assurance that a hedging strategy will be effective.

Limited Diversification; Concentration of Investments

Each Client's investments may be concentrated in certain markets, property types and borrowers, among other factors, and will be subject to risk of default. While we intend to diversify a Client's portfolio of investments, in certain circumstances we have criteria outlined in our investment guidelines that can be changed with approval of limited partner advisory committee. However, we are not required to observe specific diversification criteria other than what is specified in our guidelines. Therefore, the portfolio of target assets may at times be concentrated in certain property types that are subject to higher risk of achieving their stated business plans or other concentration risk, such as from COVID-19, or supported by properties concentrated in a limited number of geographic locations. Accordingly, the aggregate returns

realized by a Client may be substantially adversely affected by the unfavorable performance of a small number of portfolio investments.

Risks Related to Lending

General Risks of Real Estate Collateral

Making loans secured by real estate (or equity interests in the owners of real estate) is subject to all of the risks inherent in investing in real estate and real estate-related investments as described above. There can be no assurance of profitable operations for any real estate property or the repayment of any debt investment that is secured by such property or equity interests. The cost of developing or operating a property may exceed the available cash flows generated from such activities or require a Client to advance funds to protect an equity investment, forego the receipt of interest income on debt investments and/or dispose of commercial real estate collateral on disadvantageous terms.

Loans to Properties in Transition

Loans on properties in transition often involve a greater risk of loss than loans on stabilized properties, including the risk of cost overruns on and noncompletion of the construction or renovation of or other capital improvements to the properties underlying the loans that the Clients originate or acquire, and the risk that a borrower may fail to execute the business plan underwritten by the Clients, potentially making it unable to refinance a loan at maturity. The Clients originate and acquire loans on transitional CRE properties with borrowers who are typically seeking capital for repositioning, renovation, rehabilitation, leasing, development, redevelopment or construction. The typical borrower under a loan on a transitional asset has usually identified an undervalued asset that has been under-managed and/or is located in an improving market. If the market in which the asset is located fails to materialize according to the borrower's projections, or if the borrower fails to improve the quality of the asset's management and/or the value of the asset, or if it costs the borrower more than estimated or takes longer to execute its business plan than estimated, the borrower may not receive a sufficient return on the asset to satisfy our loan, or may elect to abandon its equity in the project entirely, which could materially and adversely affect us. Other risks may include: environmental risks, delays in legal and other approvals (e.g., for condominiums), other construction and renovation risks and subsequent leasing of the property not being completed on schedule. Accordingly, the Clients may not recover some or all of our loan unpaid principal balance and interest thereon.

Regulatory Changes Impacting Lenders

In recent years, the financial services industry as well as the activities of private funds and their managers have been subject to increasing regulatory scrutiny in the United States and in other jurisdictions. Such scrutiny and accompanying regulatory changes may result in new business opportunities for non-traditional market participants (such as non-bank lenders) but may also increase the exposure of our Clients to potential liabilities and increase the cost of doing business. Clients that engage in lending activities, for example, may become subject to future legal, regulatory, or governmental developments that have an adverse effect on their ability to achieve their investment objectives.

Construction Lending

There are increased risks involved with construction lending activities. Construction lending generally is considered to involve a higher degree of risk than other types of lending due to a variety of factors,

including the difficulties in estimating construction costs and anticipating construction delays and, generally, the dependency on timely, successful completion and the lease-up and commencement of operations post-completion of construction. In addition, since these loans generally entail greater risk than mortgage loans on income-producing property, we may need to increase our allowance for loan losses in the future to account for the likely increase in probable incurred credit losses associated with these loans. Further, as the lender under a construction loan, we may be obligated to fund all or a significant portion of the loan at one or more future dates. We may not have the funds available at those future date(s) to meet funding obligations under the loan. In that event, we would likely be in breach of the loan unless we are able to raise the funds from alternative sources, which we may not be able to achieve on favorable terms or at all.

Investments in Commercial Mortgages and Mezzanine Loans

Clients may originate or acquire commercial mortgage and mezzanine loans secured by commercial property and related assets. Such loans are subject to the risks of default, bankruptcy, fraud and loss, among others. Some Clients originate and invest in loans relating to commercial properties in transition as to which the borrower is seeking short-term capital for an acquisition, renovation, redevelopment or development. The typical borrower under a loan secured by a transitional asset has usually identified an undervalued asset that has been under-managed and/or is located in a market positioned for growth. If the market in which the asset is located fails to perform according to the borrower's projections, or if the borrower fails to improve the quality and/or management of the asset, or if such improvements cost the borrower more than estimated or take longer to execute than expected, the borrower may not be able to satisfy the applicable loan terms, and the relevant Clients may not recover some or all of their loan balance or other invested equity. In addition, borrowers usually use the proceeds of a conventional mortgage to repay a loan secured by a transitional property after such property is stabilized. Loans on transitional assets are therefore subject to risks of a borrower's inability to obtain permanent financing to repay a Client's transitional loan. Clients bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the collateral (whether in the form of a mortgage or a pledge of equity) and the total principal amount, unpaid interest and other amounts owed under a loan. In addition, the exercise of foreclosure and other remedies may involve unforeseen expenses and lengthy delays during which time property values may decline.

Loans may also be made with respect to income-producing properties. The ability of a borrower to repay a loan secured by an income-producing commercial property generally depends upon the successful operation and financial performance of the property because there is usually no recourse to a borrower's unrelated income or assets. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by the property location and condition, quality of property management and maintenance, changes in operating expenses, supply of space in the relevant market relative to demand, the tenant mix, the financial performance of tenant businesses, interest rates, taxes, changes in law or regulation, environmental issues and overall economic conditions, natural disasters, pandemics, civil disturbances and acts of terrorism, among other factors.

Commercial mortgage loans generally are not amortizing or do not fully amortize, which necessitates the sale of the property or refinancing of the "balloon" amount at or prior to maturity of the mortgage loan. Accordingly, for both transitional and conventional loans, Clients bear the risk that borrowers will be unable to refinance or otherwise repay the loan at maturity. On the other hand, Clients also bear the risk that a borrower will prepay a loan by refinancing it earlier than expected, or otherwise. In such cases, a

Client may (but will not necessarily) be entitled to receive “yield maintenance” or similar payments protecting the lender’s profit expectations from the loan.

Investments in subordinated debt involves the general risks attendant to real estate investing as well as additional risks relating specifically to subordinated interests. Subordinate loans such as junior participations in mortgages and mezzanine loans (and participations therein) have a significantly higher risk of credit loss compared to senior loans, and in some cases may have a “first loss” subordinate holder position. If a default occurs, the net proceeds from a foreclosure or restructuring may not be sufficient to cover the expenses of foreclosure and payment in full of the debt. In such event, the holders of subordinate loans would realize a loss of up to 100% of their invested equity before the senior lender(s) suffer any loss.

Lender Liability Risks

Clients that invest in debt instruments can be exposed to lender liability risks including equitable subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed, “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Some Clients could be subject to such claims.

Benchmark Reform

On March 5, 2021, the Financial Conduct Authority of the United Kingdom, which regulates LIBOR’s administrator, ICE Benchmark Administration, announced that all LIBOR settings will either cease to be published or will no longer be representative after June 30, 2023. The United States Federal Reserve has also advised banks to cease entering into new contracts that use U.S. dollar LIBOR as a reference rate. The Federal Reserve, in conjunction with the Alternative Reference Rate Committee (“**ARRC**”), a committee convened by the Federal Reserve that includes major market participants, has identified the Secured Overnight Financing Rate (“**SOFR**”), a new index calculated by short-term repurchase agreements, backed by Treasury securities, as its preferred alternative rate for LIBOR. There are significant differences between LIBOR and SOFR, such as LIBOR being an unsecured lending rate while SOFR is a secured lending rate, and SOFR is an overnight rate while LIBOR reflects term rates at different maturities. To the extent our LIBOR-based borrowings are converted to SOFR, the differences between LIBOR and SOFR, and potential margin adjustments in connection with the transition, could result in higher interest costs for the Clients, which could have a material adverse effect on a Client’s operating results. Although SOFR is the ARRC’s recommended replacement rate, it is also possible that lenders may instead choose alternative replacement rates that may differ from LIBOR in ways similar to SOFR or in other ways that would result in higher interest costs for us.

When LIBOR is discontinued as a benchmark rate, it may cause an increase in the volatility of LIBOR and SOFR prior to the consummation of any such change. There is no certainty as to what rate or rates may become market-accepted alternatives to LIBOR or how those alternatives may impact a Client or its investment returns. There may not be any alternative benchmark that reflects the composition and characteristics of LIBOR, and there may be dramatic shifts in debt investments and the debt markets generally. We cannot predict the effect of the decision not to sustain LIBOR, or the potential transition to SOFR or another alternative reference rate as LIBOR's replacement. The planned discontinuance of LIBOR has affected and will continue to affect financial markets generally, and may adversely affect the Clients' interest income, interest expense, or both.

Risks Related to Structured Products/Securitizations

Structured Products

The Advisers may cause a Client to invest from time to time in structured products, to the extent permissible under the governing documents of the relevant Clients, including in subordinate classes of commercial mortgage-backed securities, collateralized loan obligations, collateralized debt obligations and other similar structured products. These investments may include certificates issued by a structured investment vehicle that holds pools of commercial mortgage loans, loans or other debt, as applicable.

Investments in structured products are subject to a number of risks, including risks related to the fact that the structured products will be leveraged. Utilization of leverage is a speculative investment technique and will generally magnify the opportunities for gain and risk of loss borne by an investor investing in the subordinated debt securities. Many structured products contain covenants designed to protect the providers of debt financing to such structured products. A failure to satisfy those covenants could result in the untimely liquidation of the structured product and a complete loss of the investment.

The value of an investment in a structured product will depend on the investment performance of the assets in which the structured product invests and will, therefore, be subject to all of the risks associated with an investment in those assets. These risks include the possibility of a default by, or bankruptcy of, the issuers of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other creditors of the issuer of such asset or nullified under applicable law.

Securitizations

The Advisers may, on behalf of certain Clients, seek to securitize certain portfolio investments to generate cash for funding new investments. This would involve creating a special-purpose vehicle, contributing a pool of the Client's assets to the entity, and selling interests in the entity on a non-recourse basis to purchasers. Typically, the Client would expect to retain all or a portion of the equity in the securitized pool of portfolio investments. The securitization of a Client's portfolio might magnify its exposure to losses because any equity interest it retains in the issuing entity would be subordinate to the notes issued to investors and the Client would, therefore, absorb all of the losses sustained with respect to a securitized pool of assets before the owners of the notes experience any losses. The inability to securitize a Client's portfolio may hurt the Client's performance, and at the same time, the securitization of portfolio investments might expose the Client to losses, as the residual portfolio investments not sold will tend to be riskier and more likely to generate losses.

Risks Related to CMBS

Commercial Mortgage-Backed Securities

Certain Clients may invest in commercial mortgage-backed securities ("**CMBS**"), which entitle the holders thereof to receive payments that depend primarily on the cash flow from a specified pool of commercial or multifamily mortgage loans or other certificated interests in commercial and multifamily mortgage loans (collectively, "**Underlying CMBS Assets**"). Consequently, CMBS will be affected by payments, defaults, delinquencies and losses on such Underlying CMBS Assets. Underlying CMBS Assets may be secured by one or more of the following income producing property types: office properties, retail properties such as shopping malls, multifamily properties (including manufactured housing), hotel properties, industrial properties, self-storage and warehouse properties, nursing homes and senior living centers. Because issuers of CMBS have no significant assets other than the Underlying CMBS Assets and because of the significant credit risks inherent in the underlying collateral, credit risk is a correspondingly important consideration with respect to the related CMBS. Certain of the Underlying CMBS Assets may be delinquent, in default or in foreclosure.

Holders of CMBS bear various risks, including credit risks, market risks, structural risks, interest rate risks, liquidity risks, operations risks and legal risks. Credit risk arises from losses due to defaults by the borrowers in the underlying collateral and the related servicer's failure to perform as required under the related pooling and servicing agreements, including its failure to make required advances. Market risk and structural risk arise from the cash flow characteristics of CMBS and the market for similar CMBS. The cash flow for CMBS is determined by credit performance, the allocation of the resulting cash flow and the allocation of losses and expenses. For the holder of CMBS, interest rate risk depends on the expected life or repricing of such CMBS. Liquidity risk can arise from increased perceived credit risk of delinquencies and losses on securitized pools of similar assets. Operations risk arises from the potential for misrepresentation of loan quality or terms, misrepresentation of the nature and current value of the assets and inadequate controls over disbursements and receipts. Legal risk can arise as a result of the procedures followed in connection with the origination or servicing of Underlying CMBS Assets. Structural risks and related legal risks can arise from issues related to the characterization of the transfer of such Underlying CMBS Assets to the issuer of CMBS, the issuance of CMBS and the tax status of such CMBS and such issuer.

Commercial real estate lending generally is viewed as exposing a lender (and the related CMBS) to a greater risk of loss than certain other forms of lending because it typically involves making larger loans to single borrowers or groups of related borrowers. In addition, in the case of certain Underlying CMBS Assets, repayment of loans secured by commercial and multifamily properties depends upon the ability of the related real estate project to generate income sufficient to pay debt service, operating expenses and leasing commissions and to make necessary repairs, tenant improvements and capital improvements, and in the case of loans that do not fully amortize over their terms, to retain sufficient value to permit the borrower to pay off the loan at maturity through a sale or refinancing of the mortgaged property.

Other Risks

Early Termination of a Fund

Under the limited partnership agreement, a fund may be dissolved and terminated prematurely, and so may be unable to accomplish its objectives and may be required to dispose of its investments at a

disadvantageous time or make an in-kind distribution (causing limited partners not having their capital invested or deployed in the manner originally contemplated).

Prior Investment Performance Not Indicative of Future Results

The performance of prior investments made by the Advisers or any of their affiliates is not indicative of a Client's future results. While we intend to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the historical internal rate of return ("IRR") generated by prior investments will be achieved by any Client. On any given investment, total loss of the investment is possible.

Dependence on Key Personnel

The success of a Client depends in substantial part upon the skill and expertise of the members of our investment team and the other individuals employed to assist them. There can be no assurance that members of the investment team will continue to be employed by the Advisers. The loss of service to a Client of certain members of the investment team or other key personnel could have a material adverse effect on the success of such Client.

Accuracy of Third-Party Information

We select investments for the Clients, in part, based on information and data made available directly or indirectly by third parties. We may be unable to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Failure to Make Capital Contributions

The interests of a fund may be materially and adversely affected by the failure of a limited partner to meet its contribution or other payment obligations to the fund (whether arising through a limited partner's default, its excuse or exclusion from one or more investments, or a permitted withdrawal or removal from the fund). If a limited partner makes no contribution or payment to a fund for any reason, the other limited partners may need to fund the shortfall, with the consequence that the non-defaulting limited partners may have greater exposure to a fund's investments or liabilities than they otherwise would. A limited partner's failure to make any contribution or payment to a fund for any reason could also cause the fund to be unable to meet the fund's obligations when due, which could materially and adversely impair the fund's ability to execute on its investment strategy or to otherwise continue operations. In such event, a fund may face significant liabilities or penalties that could materially reduce the returns to the participating limited partners (including non-defaulting limited partners). A substantial default by (or discontinued participation of) one or more limited partners would leave a fund with less available capital commitments and would limit opportunities for investment diversification and likely reduce returns to the fund.

Consequences of Failure to Pay Contribution in Full

If a limited partner pays no installment of its commitment, a general partner typically the right to enforce certain remedies. Those remedies may include causing the defaulting limited partner to (i) forfeit all or a portion of its interest in a fund, including any future profits that otherwise would have been allocable to the defaulting limited partner, and, (ii) while the default amount remains outstanding, lose its voting rights for any matter to come before the limited partners. A general partner may require that the rest of the

defaulting limited partner's commitment be cancelled and may designate a person or entity to assume the entire unpaid balance of the defaulting limited partner's commitment and succeed to all the rights of the defaulting limited partner's interest. A general partner will retain the discretion to employ any available legal or equitable remedies for a limited partner's default as it may determine case-by-case in its sole discretion. There is no requirement that remedies be applied consistently among defaulting limited partners, and a general partner may determine for various reasons to apply different remedies to different defaulting limited partners.

Mandatory Withdrawal

A general partner may have the authority to require a limited partner to withdraw from a fund prior to the termination and liquidation of the fund if the general partner determines that the continued participation in the fund of such limited partner could materially adversely affect the fund or in certain other circumstances as further described in the limited partnership agreement (for example, by causing the fund to be registered as an investment company under the 1940 Act or causing the fund's assets to be treated as "plan assets" under ERISA). A limited partner required to withdraw early from a fund could suffer a material loss on its investment.

Regulatory Status

MRECS is registered as an investment adviser under the Advisers Act (with MFM as relying adviser) and, as such, is subject to the Advisers Act. Failure to comply with the requirements imposed on us because of current registrations or as a result of future registrations may have a material adverse effect on the Advisers' ability to perform their duties to the Clients. The Advisers' ability to source and execute transactions for the Clients may also be adversely affected by negative publicity arising from any regulatory compliance failures, other inappropriate behavior or any other publicity attributed or related to the Adviser, any affiliate of Adviser or any of their respective investment professionals.

Effect of Fees and Expenses on Returns

A Client will pay certain fees and will bear all expenses related to its operations. Such fees are expected to reduce the actual returns to investors. Most of the fees and expenses will be paid whether or not a Client produces positive investment returns. If a Client or underlying investment does not produce significant positive investment returns, these fees and expenses could reduce the amount of the investment recovered by a limited partner to an amount less than the amount invested in the Client by such limited partner.

Co-Investments

With respect to co-investment vehicles, any fees received by an Adviser are negotiated on a vehicle-by-vehicle basis, but may include commitment-based fees, performance-based fees or allocations, expense reimbursements or other administrative fees. Any such management fees or administrative fees received by an Adviser relating to a co-investment vehicle do not offset management fees paid to the Adviser by the Clients.

Disease, Epidemics, and Other Public Health Issues

The impact of disease and epidemics may have a negative impact on our business, our Clients and their performance and financial position. The 2019 coronavirus outbreak ("**COVID-19**"), renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses, and could also result in a general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, our operations and those of our Clients and their underlying investments could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on our business, our Clients and our Clients' investments. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. Our operations and business results, including with respect to any particular Client or investment, could be materially adversely affected.

Data Privacy and Protection Laws and Regulations

The Advisers and their respective affiliates receive, store, handle, transmit, use and otherwise process information related to our investments and prospective investments, including from and about actual and prospective investors (and the beneficial owners of investors), as well as our employees, job applicants, contractors and representatives of companies we do business with (collectively, "**Confidential Information**"). As a result, the Advisers and their respective affiliates are, and may further in the future become subject to U.S. federal and state laws, rules and regulations related to data privacy, data protection and information security which may apply to personal information provided by, or on behalf of, any investor. For instance, in the United States, the federal Gramm-Leach-Bliley Act of 1999 ("**GLBA**") and Regulation S-P adopted by the SEC pursuant to the GLBA, imposes certain privacy obligations on covered financial institutions that offer financial products or services, including to notify customers of their privacy policies and establish sufficient safeguards of its Confidential Information. Moreover, at the state level, the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the "**CCPA**") introduces individual privacy rights for California residents and increases the privacy and security obligations of covered entities handling certain information. Since the CCPA went into effect, comprehensive privacy statutes that share similarities with the CCPA have been enacted in Virginia, Colorado, Connecticut and Utah, all of which go into effect in 2023. Similarly, many other states are currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information about individuals and there remains increased interest at the federal level.

We may be required to modify our data collection or processing practices and policies and incur substantial costs and expenses in an effort to comply with such laws. Moreover, increasing laws and regulations could increase our potential exposure to regulatory enforcement and/or litigation. Additionally, these requirements, and their application, interpretation and amendment are constantly evolving and developing. Compliance with existing and emerging data privacy and security laws, regulations and industry standards could result in increased compliance costs and/or lead to changes in business practices and policies. Any actual or perceived failure to protect the confidentiality of client or other personal information could adversely affect our reputation, lead to private litigation against us, and

require additional investment in resources, impact strategies and availability of previously useful data, any of which could materially and adversely cause the Advisers and/or their respective affiliates to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Cybersecurity and Identity Theft

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. We rely on the Internet, computer networks, and various software and hardware (collectively, “**information technology**” or “**IT systems**”) for both internal and external-facing operations. We manage certain IT systems, but also rely on third-party service providers and vendors to manage certain other IT systems, as well as to provide products and services critical to our business. All IT systems are subject to certain cybersecurity threats, risks and vulnerabilities. While we have taken steps to protect our IT systems and confidential information, threat actors are increasingly sophisticated, using advanced tools and techniques to circumvent security controls, obfuscate data access and delete forensic evidence, which can impact our ability to timely and effectively detect, investigate and mitigate attacks and incidents. Additionally, continued remote and hybrid working arrangements present potentially increased risks associated with the prevalence of social engineering attacks and vulnerabilities inherent in many non-corporate and home networks.

Similarly, service providers of the Advisers or the Clients, especially fund administrators, may process, store and transmit such information. The Advisers’ information and technology systems, which contain confidential information, are increasingly subject to risk of cyberattacks, damage or interruption from computer viruses (for example, ransomware), network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, software “bugs” and vulnerabilities, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and can be difficult to detect for longer periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, a Client may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Advisers’, and/or a Client’s, operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of a Client. If any security systems, counter measures or other controls designed to mitigate cyber-related risks are compromised, are disrupted or cease to function properly, we may incur significant costs and liability due to the theft of Client assets (including proprietary information and intellectual property) and/or numerous other events including, but not limited to: disruption to our operations or the operations of any Clients, investments or critical third parties; litigation and regulatory enforcement; fines and penalties; increased preventative and protective costs; increased remediation and compliance costs; reputational or brand damage, including the loss of current and future investors; and the loss of liquidity. Any of the foregoing could materially impact our business prospects and/or financial position, as well as each Client’s ability to achieve their investment objectives and/or conduct its operations, and there is no guarantee that any insurance policy would partially or fully cover such exposure.

Business Continuity Plans

In the event of unforeseen catastrophic events, such as natural disasters, terrorist attacks and epidemics, we would begin our business continuity plan to safeguard employee resources necessary to continue to meet investment and investor needs. The business continuity plan is tested to ensure that appropriate measures are put in place to measure any such catastrophic events. Despite such measures, we cannot predict the level of disruption that such catastrophic events may have on our operations or the ability of the plan to succeed in a time of crisis, and such plans may still result in reduced collaboration and communication, which could severely impair our business and operations. If personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, we may be more vulnerable to cybersecurity risks, and could have more difficulty resuming normal operations if it is the target of a cyber incident or attack. Similar types of operational risks are also present for the investments in which the Clients invest, which could have material adverse consequences for such companies and may cause the Clients' investments to lose value.

Climate Risks

Global climate change could have an adverse effect on property and security values. A rise in sea levels and/or a storm-driven increase in coastal flooding could cause such properties to lose value or become unmarketable altogether. Large wildfires driven by high winds and prolonged drought may devastate entire communities and could be very costly to any business found to be responsible for the fire. These losses could adversely affect real estate property values, mortgage and mezzanine lenders, the value of mortgage-backed securities, and insurers, among others. Since property and security values are driven largely by buyers' perceptions, it is difficult to know the time period over which these effects might unfold. Economists warn that, unlike other declines in the real estate market, it is possible that properties in coastal flood zones will never recover their value. In addition, voluntary initiatives and mandatory controls have been adopted or are being discussed worldwide to reduce emissions or "greenhouse gases" such as carbon dioxide, a by-product of burning fossil fuels, and methane, the major constituent of natural gas, which many scientists and policymakers believe contribute to global climate change. These measures, and other programs addressing greenhouse gas emissions, could reduce demand for energy or raise prices, and could have an adverse impact on our investments and Clients.

Acts of War or Terrorism and Related Geopolitical Risks

On February 24, 2022, Russian troops began a full-scale invasion of Ukraine and, as of the date hereof, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russian-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus. The ongoing conflict and the rapidly evolving measures in response could be expected to have a negative impact on the economy and business activity globally, and therefore could adversely affect the performance of our Clients and/or investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, could present material uncertainty and risk with respect to the Clients and the performance of its investments and operations, and the ability of our Clients to achieve its investment objectives. Other similar conflicts pose the same potential risks and uncertainty with respect to the achievement of investment results.

Financial Institution Risk; Distress Events

An investment in a Client can be subject to the risk that one of the Client's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Client's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). In the event a Financial Institution experiences a Distress Event, we may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on our ability to manage clients and investments, which could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to result in a Client having to pay fees and expenses in the event the Client is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Client to acquire or dispose of investments at prices that the relevant General Partner or Adviser believes reflect the fair value of such investments. Although we expect to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

The above summary does not represent a complete description of the risks associated with any particular investment strategy. Prospective and existing investors are urged to review the more detailed information in the relevant offering materials and governing documents for each of the Clients that we manage.

9. Disciplinary Information

There are no items required to be reported in response to this item.

10. Other Financial Industry Activities and Affiliations

The following information addresses any active or pending financial industry affiliations that our investors need to know about for the purpose of identifying any related conflicts of interest that an investor might consider material in regard to engaging us as an investment adviser.

Neither we nor any of our affiliates or management persons is currently registered as a broker-dealer, futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do any such persons have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

CRM is affiliated with each of the Advisers. We and our affiliated investment advisers operate as a single advisory business and, in addition to the Clients, serve as managers or general partners (as applicable) of private funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. All of the Advisers are under common control and subject to a single Code of Ethics and compliance programs adopted pursuant to the requirements of the Advisers Act. Please see **Item 11** for more information.

MREG Investments L.P. is a related person of MFM that serves as the general partner of MREP. MREG QOZ Manager LLC is a related person of MFM that serves as the managing member of the QOZ Fund. MREG GPF General Partner, LLC is a related person of MFM that serves as the general partner of the GP Fund. MRECS Investments, LLC is a related person of MRECS that serves as the general partner of the MREF Funds. MRECS KREI Manager, LLC is a related person of MRECS that serves as the managing member of KCCF. Persons acting on behalf of these related persons are subject to the supervision and control of MRECS (directly or indirectly) in connection with any investment advisory activities. All of these affiliated entities are under common control and subject to our code of ethics and Advisers Act compliance program pursuant to the requirements of the Advisers Act. Please see **Item 11** for more information.

Conflicts of Interest

The following is a summary of some of the most significant conflicts of interest, or issues that present the appearance of conflicts of interest, associated with the Advisers and investments in the Clients that they manage. This summary does not attempt to describe all such conflicts, nor does it provide a complete description of any of the individual conflicts referenced. Although no summary can fully describe all of the conflicts of interest associated with such an investment, each private placement memorandum or other offering document contains a more complete description of the conflicts of interest associated with an investment in the applicable Client.

Conflicts of interest, or issues that present the appearance of conflicts, can arise as a result of the relationships between the Advisers, their affiliates, and sponsored investment funds and accounts, including the personal accounts of our principals, officers and employees. The Advisers are part of a real estate investment management enterprise with multiple business, financial, and other interests that could conflict with those of a Client and its underlying investors.

Each Adviser provides investment advisory services to more than one client and while each client typically has a distinct investment strategy, some clients have a degree of overlap in their respective strategies.

From time to time, related persons of the Advisers are permitted to co-invest alongside clients under certain circumstances, and to invest separately for their own account in a wide range of assets, including real estate assets (subject to the Advisers' Code of Ethics), some of which will involve conflicts of interest. There can be no assurance that conflicts of interest arising out of such activities will be resolved in favor of the Clients. Investors will not receive any benefit from such investments, and the financial incentives of the Advisers' related persons in such investments could be greater than their financial incentives in relation to a client or the Clients.

In addition, for some clients, the Advisers grant co-investment rights to investors or other third parties in certain clients, including preferential rights with respect to investments made by that client. Certain of our principals, employees and Advisers invest in other private investment vehicles managed by other advisers. Except to the extent otherwise agreed with an investor, the Advisers' allocation of co-investment opportunities is entirely and solely in the discretion of the respective Advisers, and it is expected that

many investors who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or will, in certain circumstances, receive a smaller amount of co-investment opportunities than the amount requested. Furthermore, co-investments offered by the Advisers will be on such terms and conditions (including with respect to management fees, performance-based compensation and related arrangement and/or other fees applicable to co-investors) as the Advisers determine to be appropriate in their sole discretion on a case-by-case basis, which can be expected to differ among co-investors with respect to the same co-investment. In most cases, the Advisers expect that proposed participants in co-investments will not bear broken-deal expenses (including any expenses relating to the organization of such vehicle that was not ultimately formed), with the result that only the client rather than the proposed co-investment vehicle will bear all such broken-deal expenses. A client and co-investors will often have different investment objectives and limitations, such as return objectives and maximum hold period. As a result of the foregoing, the Advisers have conflicting incentives in making decisions with respect to such opportunities.

If the strategies employed for current or future Clients conflict with one another, it could affect the availability, price and performance of the assets in which such Clients invest. In addition, participation in a specific investment opportunity could be appropriate for more than one Client. If that circumstance arises, we will allocate the opportunity in accordance with the MRECS allocation policy, which may not result in a *pari passu* allocation to all Clients. Accordingly, even Clients sharing similar strategies will not hold the same securities or instruments or achieve the same performance. MFM currently does not maintain a written allocation policy given the limited overlap of investment strategies between Clients, but this may change in the future. Our allocation policies and procedures may change from time to time without notice. However, we will always endeavor to treat the Clients in a fair and equitable manner, and at all times we are bound by the applicable governing documents of our clients as well as our fiduciary duties as investment advisers.

An Adviser, its affiliates or any of their associated persons may give advice or take action for one Client (or other account) that differs from, conflicts with, or is adverse to, advice given or action taken on behalf of another Client (or other account). We have adopted policies and procedures designed to mitigate such conflicts and we seek to ensure that appropriate disclosures, recusals and/or other requirements are made or adopted to address them as circumstances may warrant. In some cases, the governing agreements of a Client set forth specific restrictions with respect to the other business activities and investments in which an Adviser, its affiliates and/or their respective associated persons may engage.

There may also be circumstances in which some clients, principals or employees hold interests in an investment that are structured differently, have different seniority, and/or have different terms than the investment made by a client in the same investment or one closely related thereto. Therefore, the interests of the client and an Adviser (or our affiliates, and any principals or employees of an Adviser or its affiliates) may not always be aligned, which may give rise to conflicts of interest, or issues that present the appearance of conflicts, and the actions taken for the client may be adverse to the Adviser (or such affiliates, principals and/or employees), or vice versa. Conflicts may also arise due to the fact that we and/or our affiliates (and any principals or employees of an Adviser or its affiliates) may hold investments in some pooled investment vehicles that we manage but not in others, or may have different levels of investments in such vehicles.

From time to time, we may come into possession of material, non-public information which could limit our ability to buy a security and may prevent a Client that already holds such security to be frozen for a time with respect to such security.

In addition to conflicts regarding specific investments, our principals and employees may have conflicts in allocating their business time and services among Clients. Such persons may work on other projects, including other client accounts and other existing and potential business activities. The fact that fee levels may vary among Clients and their underlying investors can create an incentive to focus additional time or effort on Clients that pay relatively higher fee rates.

Diverse Interests of Underlying Investors

The underlying investors in the Clients that we manage have investment, tax and other interests with respect to their investments that conflict with the interests of other investors and/or of the Advisers and their affiliates, principals and/or employees. These conflicting interests may relate to or arise from, among other things, the nature of investments made by the Client, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest can arise in connection with decisions made by an Adviser, including with respect to the nature or structuring of investments, which may be more beneficial for one investor than for another, especially with respect to the tax situation of an investor or other person. In addition, a Client may make investments that have a positive or negative impact on related investments made by investors in separate transactions inside or outside the scope of their relationship with the Adviser. In selecting and structuring investments appropriate for a Client, each Adviser will consider the investment objectives of the Client and its investors as a whole, not the investment, tax or other objectives of any investor individually and not the tax or other objectives of the Advisers or their affiliates, principals and/or employees.

Incentive Fees and Performance Allocations

An Adviser's potential receipt of performance compensation (in the form of incentive fees, carried interest, performance allocations or otherwise) can create an incentive to make riskier or more speculative investments on behalf of a Client than the Adviser might otherwise make in the absence of such performance-based compensation. In addition, for some Clients, in some circumstances, the determination of management and incentive fees would rely upon valuations determined by the Adviser or an affiliate thereby creating a potential conflict of interest when valuing investments that are not readily marketable or are difficult to value. From time to time, the Advisers engage third parties, as deemed necessary or appropriate, to calculate the value of certain investments, but there can be no assurance such calculations will reflect values accurately.

Related Party Services and Payments

As described in **Item 5** above, and as set forth in relevant organizational documents and/or as otherwise annually disclosed to investors, we and our affiliates perform (or may perform) additional services for which we or our affiliates receive fees and/or expense reimbursements from Clients (directly and/or through portfolio entities in which our Clients invest). These additional services may include construction management, property management, asset management, legal, tax, accounting, marketing/leasing, financing, development and pre-development services, and any other services, in each case that would otherwise be provided by an unaffiliated third party. Any such services and the manner for determining fees and expenses are disclosed in each Client's offering documents, as applicable, and are described in **Item 5**. In some cases, fees are charged based upon an agreed upon schedule or based upon obtaining the approval of designated investors (such as the members of a limited partner advisory committee). In other cases, we may be permitted to exercise discretion in determining applicable fees subject to a

requirement that the terms and conditions of the additional services taken as a whole not be less favorable to the Client than those that could be obtained in a transaction with an unaffiliated person. In such cases, our determination of the fees applicable to additional services would be based on various factors, including but not limited to (i) time spent by our affiliated personnel providing such services and (ii) our knowledge of rates charged by similar service providers that we believe generally represent applicable (or similar) market rates for similar services. However, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential or bespoke nature of such services (e.g., different assets in different markets may require different services at different times and bear different fees as a result). Moreover, there can be no guarantee that a Client would independently retain a third-party service provider of similar quality and/or cost.

In the case of MREP, such fees are disclosed to all limited partners annually. For the QOZ Fund, any such related party service providers would be entitled to receive fees for their services, and such fees would be based on a pre-approved schedule included in the QOZ Fund's governing documents or, if not specified therein, be charged on no less favorable terms than those believed to be available from an unaffiliated third party. The Special Member, which is not affiliated with the Advisers, may also approve particular services performed by an Adviser affiliate and the charges therefor. For the GP Fund, any such related party service providers would be entitled to receive fees for their services, and such fees would be based on a pre-approved schedule included in the GP Fund's governing documents or, if not specified therein, be charged so long as the rates and reimbursements are approved in writing by the Founding LP. Such arrangements are subject to each Fund's governing documents.

The opportunity to earn these fees or have expenses reimbursed creates a potential conflict of interest between us and/or our affiliates, on the one hand, and the relevant Clients and their investors, on the other hand, since we may have less of an incentive than we otherwise would to ensure that any such fees are charged at competitive rates, and since the payment of fees and expenses by our Clients increases our revenue (or the revenue of our commonly controlled affiliates). However, we believe that we and our affiliates provide a high level of service with detailed attention to the assets of our Clients that adds value and which we believe is a competitive advantage.

Allocation of Investment Opportunities

As described above, participation in specific investment opportunities may be appropriate, at times, for more than one Client or client account. It is our policy to allocate investment opportunities among Clients on a basis that we determine in good faith to be appropriate, taking into consideration factors including, but not limited to, the following:

- each client's investment mandate and governing agreements;
- the relative amounts of capital available for investment (taking into account applicable commitments and reserves) and any restrictions on investment;
- the sourcing of the transaction;
- the size of the transaction;
- the amount of potential follow-on investing that may be required for such investment and other portfolio investments;
- the nature of the investment focus of each client;
- portfolio balance and diversification;
- the involvement of respective teams of investment professionals; and

- any other factors deemed applicable in good faith.

Our investment allocation policies and procedures may vary between business lines and may be amended at any time without the consent of or notice to any client, but subject to any governing agreements in place with such clients and at all times consistent with the disclosures provided to investors therein.

Conflicts Relating to a Subscription Credit Facility

Certain of our Clients use subscription-based credit facilities which (along with other forms of leverage) typically generates a higher reported IRR for the underlying investors than if such credit facility had not been utilized and instead the investors' capital had been contributed at the inception of an investment. As a result, use of a subscription-based credit facility will impact calculations of returns and will result in a higher or lower reported IRR than if the amounts borrowed had instead been funded through capital contributions made by the investors to a Client. Subject to the limitations in each of the Clients' governing documents, the use of a subscription-based credit facility by the Clients is within our sole discretion, and the permitted duration for such borrowings and other terms varies by Client as a function of the Client's governing documents and other facts and circumstances. In addition, because amounts borrowed under a subscription line typically are secured by pledges of the relevant general partner's right to call capital from the limited partners, such limited partners may be obligated to contribute capital on an accelerated basis if a Client fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder.

Service Providers

We and our Clients engage common service providers from time to time. In such circumstances, there may be a conflict of interest between us and the Clients in determining whether to engage such service providers, including the possibility that an Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Clients.

In certain circumstances, service providers or their affiliates may charge different rates or have different arrangements for services provided to the general partner of a Client, the Advisers or their affiliates (other than a Client) as compared to services provided to a Client (or in the case of our lending business, a borrower), which may result in more favorable rates or arrangements than those payable by a Client or a borrower.

We and our Clients will generally engage common legal counsel and other third-party advisers in a particular transaction, including transactions in which there are conflicts of interest, or issues that present the appearance of conflicts. In the event of a significant dispute or divergence of interests between a Client and an Adviser and/or its affiliates, the parties may engage separate counsel in our sole discretion. Moreover, in litigation and certain other circumstances, separate representation may be required.

Other Benefits

From time to time, the Advisers, their affiliates and their personnel or related parties receive intangible and other benefits, discounts and prerequisites arising or resulting from their activities on behalf of a Client, the value of which will not offset or reduce Management Fees or otherwise be shared with a Client or the investors. For example, airline travel or hotel stays will result in "miles" or "points" or credit in

loyalty or status programs, and such benefits will, whether or not de minimis or difficult to value, inure exclusively to the benefit of the Adviser, its affiliates or their personnel or related parties receiving it, even though the cost of the underlying service may be borne by a Client. Similarly, the Adviser, its affiliates and their personnel and related parties also receive discounts on products and services provided by underlying assets and customers or suppliers of such underlying assets.

How We Address Conflicts of Interest

As a matter of general policy, all employees are required to identify and report any conflicts of interest, or issues that present the appearance of conflicts, in connection with the services we perform for Clients. Conflicts of interest generally are discussed and resolved on a case-by-case basis by senior management of the Advisers, taking into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. We address conflicts by disclosing conflicts of interest, or issues that present the appearance of conflicts (and the material facts relating to such conflicts), to our Clients and underlying investors, and/or seeking investor consents, as and to the extent necessary or appropriate. While the Advisers seek to manage any conflicts in an appropriate manner, the resolution of any particular conflict may have consequences that are (or are considered to be) adverse to the interests of a Client.

In addition, we have designated a Chief Compliance Officer ("**CCO**") to be responsible for the overall implementation and oversight of our compliance program. Our CCO has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried out adequately and in a timely manner.

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

As SEC-registered investment advisers, we have adopted a Code of Ethics ("**Code**"). All of the Advisers are under common control and subject to a single Code and compliance program adopted pursuant to the requirements of the Advisers Act. The Code is a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations;
- Protection of material non-public information;
- Conflicts of interest;
- Employee disclosure and reporting of personal securities holdings and transactions;
- Our policy on Initial Public Offerings and private placements;
- The reporting of violations of the Code;
- Educating employees about the Code; and
- Enforcement of the Code.

The Code is distributed to each of our associated persons at the time of hire and annually thereafter and our supervised persons have signed a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective investors upon request to our CCO.

We or our related persons generally have a pecuniary interest in the clients that we manage, either directly, through a side-by-side investment vehicle or by virtue of participation in performance-based compensation. Consequently, we generally participate alongside our clients in transactions effected on behalf of clients. We do not believe that any such scenarios cause a conflict of interest between us and any client, but rather function to better align the interests of our clients and underlying investors with our own interests, since our own capital (or the capital of our principals) is being invested alongside the capital of our clients. Neither we nor any of our affiliates engages in principal transactions with clients in the ordinary course. To the extent that a client transaction would constitute a “principal transaction” due to our ownership interest or that of our related persons, we would effect such transaction in compliance with Section 206(3) of the Advisers Act and the governing documents of the relevant clients.

Each of our access persons must pre-clear any purchase, sale or other transactions in certain securities described in our Code (including real estate-related securities and securities offered through private placements and IPOs) when made through personal accounts in which such access person has a beneficial ownership interest. Our CCO or their designee would generally deny any requested pre-clearance if (i) the relevant securities (or the securities of a related issuer) are being considered for an investment by a client, (ii) such securities are already held by a client, (iii) the Advisers are in possession of material non-public information regarding the issuer, or (iv) the access person is seeking to make profits based on short-term swings (e.g., “day trading”). Our personal trading policy seeks to ensure that the best interests of our Clients are always served over those of our own or individual access persons and to promote compliance with federal securities laws.

12. Brokerage Practices

To the limited extent that the Advisers transact in exchange-traded securities or acquire other instruments that require the use of a financial intermediary such as a broker-dealer, each Adviser will select an intermediary that it believes is able to provide best execution for its clients. Unless otherwise specified in a governing agreement with a client or underlying investor, each Adviser is generally authorized to make the following determinations, subject to each client’s investment objectives and restrictions, without obtaining prior consent from its underlying investors: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

In return for effecting securities transactions through certain broker-dealers, we or certain of our supervised persons may receive certain support services that may assist us in our investment decision-making process for many or all clients.

In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. However, we do not participate in any formal arrangements under which we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.

Neither we nor any of our affiliates engages in cross trades with clients in the ordinary course. To the extent a cross trade is executed, we would effect such transaction in compliance with Section 206(3) of the Advisers Act, the governing documents of the relevant clients, and in accordance with our policies and procedures.

In the course of carrying out trading and investing responsibilities for our clients, “trade errors” may occur — *i.e.*, errors in executing specific trading instructions. Examples of trade errors include: (i) buying or selling an asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular asset (and *vice versa*). In accordance with our agreements with our clients, we treat all trade errors (whether they result in gains or losses) as for the account of our client, unless they are the result of conduct on our part that is inconsistent with the standard of care set forth in the relevant client agreement with or governing documents of the relevant client. Accordingly, we will generally not be obligated to reimburse clients for the results of any trade errors.

13. Review of Accounts

Our Clients generally hold real estate debt and equity investments. These positions are monitored by our investment team and senior management on an ongoing basis. We have investment committees including representatives of senior management that oversee each Client’s investments and meet as necessary to review general portfolio composition, investment opportunities, market conditions, recent activities and potential conflicts. We also may periodically review on an expedited basis the assets of a Client following a unique occurrence in the financial industry or real estate market generally.

Investors in our private funds generally receive quarterly reports which include unaudited financial statements. The specifics of each report may vary as agreed with each individual Client or the underlying investors. In addition, investors in any private fund that we manage are entitled to receive a copy of an annual audit report within 120 days of the fiscal year-end of the Client.

Certain investors in our private funds may request and receive additional or more frequent information relating to the investments held by, or other matters relating to, the funds in which they invest. Further information regarding the reporting provided to investors in each private fund that we manage is available in the relevant fund’s offering and governing documents.

14. Client Referrals and Other Compensation

From time to time, in accordance with applicable law, the Advisers retain and compensate Placement Agents or other third-party solicitors for introducing or referring new investors to Clients. Placement Agents may receive compensation based on the commitment amounts of the investors they solicit. For certain Clients, Placement Agents will receive a designated and agreed upon fee, or such other compensation as agreed with the Placement Agent. Investors that are introduced or referred by Placement Agents should carefully review the applicable documents and information provided to them by the Placement Agent for details regarding the specific fees or other compensation relating to their investment, including fees or commissions that are charged directly by the Placement Agent.

Agreements with Placement Agents give rise to conflicts of interest, and issues that present the appearance of conflicts, given that the referring party has a financial incentive to introduce new investors to the Advisers. All fees for such solicitation services may be borne by the Adviser (through a corresponding reduction in management fee or otherwise) or the Client based upon the applicable governing documents. Please see **Item 5** for additional information.

15. Custody

All securities investments of our Clients are held in custody by unaffiliated qualified custodians such as broker/dealers or banks (other than certain non-transferable securities that are not required to be held in custody by a bank or custodian). However, we are deemed to have custody of certain assets of the private funds that we manage because we have the authority to obtain Client assets, for example, by deducting investment advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. With respect to each private fund that we manage, we satisfy our obligations under Rule 206(4)-2 of the Advisers Act by causing an annual audit to be performed in accordance with U.S. generally accepted accounting principles by an independent public accountant that is registered with the Public Company Accounting Oversight Board. Each private fund distributes audited financial statements to its investors within 120 days of the end of its fiscal year.

16. Investment Discretion

Generally, we have the discretion to determine, without obtaining the consent of a Client or its underlying investors, the particular investments to be bought and sold by such Client and the manner in which existing investments are managed, subject to certain agreed upon investment objectives, guidelines and limitations regarding concentration and diversification, geography and type of permitted investments. A Client's governing documents and/or an investment management agreement typically provides us with the express authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, financing, commitment to, monitoring of and disposition of investments, subject to any specified conditions or limitations. In addition, from time to time we may enter into investment management agreements that provide for greater discretion on the part of the underlying investor(s).

17. Voting Client Securities

The Advisers primarily invest on behalf of the Clients solely in real estate and real estate-related assets that typically do not require proxy voting. However, to the extent that our Clients do acquire securities that require proxy voting, we would typically have the authority and responsibility for voting and providing/withholding consents with respect to such securities. In taking action in connection with a proxy solicitation, we are guided by general fiduciary principles and we vote or provide/withhold consent in the manner we believe is consistent with efforts to achieve a Client's stated investment objectives. We retain the discretion to take no action with respect to a proposed vote or consent if we determine that doing so is in the best interests of a Client (for example, where an Adviser determines that the cost of voting exceeds the expected benefit to the Client). This policy also applies to any consents requested in matters such as bankruptcy or insolvency, covenant waivers in connection with debt, approvals regarding the restructuring of debt and other rights and remedies with respect to securities.

We recognize that conflicts of interest can arise when exercising voting or consent authority. A conflict of interest may exist when a Client's best interests are contrary to our best interests due to some relationship between us and/or one of our associated persons and the party that is soliciting the consent.

It is our policy to act in the best interests of our Clients regardless of the existence of any conflict of interest. If we determine that a conflict exists, or may be perceived to exist, when exercising voting or consent authority, we will address such matters on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. If it is determined that any

such conflict is not material, we may vote notwithstanding the existence of the conflict. If it is determined, however, that such a conflict of interest is material, we will generally seek to mitigate the conflict by either appointing an independent third party to act, or by disclosing the conflict to the affected Client and giving the Client the opportunity to act directly. Under certain circumstances, we may refrain from exercising our voting or consent authority.

Existing and prospective investors in a Client can request information from us about how we exercise proxy voting authority with respect to securities held by such Client. We will provide a copy of our proxy voting policy to any existing or prospective investor upon request.

18. Financial Information

We (i) do not require or solicit prepayment of fees six months or more in advance, (ii) are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients and (iii) have not been the subject of a bankruptcy proceeding at any time during the past ten years.