

# TPG Global Advisors, LLC

301 Commerce Street,  
Suite 3300  
Fort Worth, Texas 76102  
(817) 871-4000  
[www.tpg.com](http://www.tpg.com)

Part 2A of Form ADV: Firm Brochure  
December 1, 2023

**This brochure provides information about the qualifications and business practices of TPG Global Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (817) 871-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about TPG Global Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

This brochure, dated December 1, 2023, updates our brochure dated March 30, 2023 to reflect TPG's (as defined herein) acquisition of Angelo Gordon, an alternative investment firm focused on credit and real estate investing. This brochure contains certain updates related to such acquisition including:

- **Item 10** has been updated to add certain related advisers as a result of TPG's acquisition of Angelo Gordon; and
- **Item 11** includes updated disclosure regarding potential and/or actual conflicts of interest faced by us due to Angelo Gordon's affiliation with TPG and its clients, including, but not limited to, those involving information barriers and investments in common issuers.

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#### **ITEM 4 – ADVISORY BUSINESS**

For purposes of this brochure, “we,” “us” and “our” refer to TPG Global Advisors, LLC, together (where the context permits) with our subsidiaries that provide investment advisory services and our affiliates that serve as general partners of the Global Vehicles (as defined below).

*Advisory Clients.* As set forth below, our only advisory clients are the TPG Management Companies, Funds and certain fee-paying Co-Investment Vehicles (each as defined below). In particular,

- we provide investment advisory services to the following:
  - we provide investment advisory services to affiliated management companies, which we refer to as the “TPG Management Companies.”
  - we provide, together with the relevant TPG Management Company, investment advisory services to pooled investment vehicles, including private equity funds, investment vehicles advised by TPG GP Solutions Management, LLC (the “TPG GS Funds”), investment vehicles advised by TPG NEXT Management, LLC (the “TPG NEXT Funds”) and investment vehicles that focus primarily on public equity investments (those managed by TPG PEP Advisors, LLC and its relying advisers, “TPEP Vehicles”) that are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”), real estate investment trusts (“REITs”) (those managed by TPG RE Finance Trust Management L.P., “TRTX”) and certain separately managed account arrangements, all of which we refer to collectively as the “Funds.”

The Funds’ investors are primarily “qualified purchasers,” as defined in the Investment Company Act, and may include, among others, pension and profit sharing plans, trusts, estates, high net worth individuals, banks, thrift institutions, charitable organizations, corporations, limited partnerships and limited liability companies.

TPG Management Companies also serve as the sponsor of entities that act as feeder vehicles into certain Funds or, with respect to TPG Real Estate Advisors, LLC (“TPGRE”), Funds into which other Funds invest. Additionally, in order to meet tax, regulatory or other requirements, certain investors invest in substantially the same portfolio as the applicable Funds through specially formed investment vehicles, which we also advise.

- from time to time, certain TPG Management Companies also form capital around particular or multiple investment strategies or themes, or establish, on a transaction-by-transaction basis, investment vehicles, separately managed accounts or other accounts or arrangements through which certain persons generally invest alongside one or more Funds (each, a “Co-Investment Vehicle”). When a Co-Investment Vehicle is established for a particular transaction, it generally will invest in the transaction on the same terms as the applicable

Fund that also is invested in such transaction. In certain cases, Co-Investment Vehicles may also pursue investments that are not pursued by a Fund.

We refer to the Funds and the certain fee-paying Co-Investment Vehicles collectively as the “Global Vehicles.”

We refer to the Global Vehicles and the TPG Management Companies collectively as the “Global Advisees.”

*Organization.* TPG Global Advisors, LLC was formed as a Delaware limited liability company in 2011 and is part of a private investment firm originally founded in 1992, which we refer to, together with its affiliates, including us, as “TPG.” Our ultimate principal owners are, indirectly, David Bonderman and James Coulter. In addition, TPG Global Advisors, LLC is an indirect subsidiary of TPG Inc. (the “Public Company”), whose Class A common stock is listed on Nasdaq under the symbol “TPG.”

The Public Company qualifies as a “controlled company” within the meaning of Nasdaq’s corporate governance standards. Each share of the Public Company’s Class A common stock generally entitles its holder to one vote and each share of Class B common stock entitles its holder to ten votes. TPG Group Holdings (SBS), L.P. holds a majority of the Public Company’s outstanding voting power by virtue of its ownership of Class B common stock, which voting power is exercised by the Control Group as the members of TPG GP A, LLC, the general partner of TPG Group Holdings (SBS), L.P. The “Control Group” consists of David Bonderman, James Coulter and Jon Winkelried. Additional information about the Public Company is available in its current public filings with the SEC. Unless specifically stated otherwise, references in this Brochure to “we,” “us” and “our” do not include the Public Company. The term “investors” as used herein does not reference stockholders of the Public Company.

*Nature of Advisory Services.* As an investment adviser, we identify investment opportunities and participate in the acquisition, origination, management, monitoring and disposition of investments for Global Advisees. We primarily provide investment advisory services related to

- private equity investments in various industries, including leveraged acquisitions and recapitalizations, turnarounds, traditional buyouts and investments in growth companies;
- private equity and debt investments in a range of real estate-related strategies; and
- publicly traded equity investments.

Such investments take the form of various assets and instruments from a broad range of issuers, borrowers and counterparties in a broad range of markets, and in each case to the extent consistent with each applicable Global Advisee’s investment objectives and strategies (please see “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*” below). Certain other Global Vehicles may also invest in or otherwise hold an interest in both (i) the common, preferred, synthetic, debt and/or other investments in the general partners, management companies or related entities of third party asset management firms unrelated to TPG (“Managers”), and (ii) investment funds, managed accounts, continuation vehicles or other investment arrangements sponsored,

managed or advised by such Managers. The directly held portfolio companies or portfolio investments of a Global Vehicle, Managers and portfolio companies of portfolio investments in which the Global Vehicles may invest are referred to collectively herein as “Portfolio Investments.”

*Advisory Services and Related Agreements.* We generally provide investment advisory services to each Global Advisee pursuant to a separate investment advisory services agreement with the applicable TPG Management Company, each of which we refer to as an “Advisory Services Agreement.” Each Global Advisee’s Advisory Services Agreement sets forth the terms of the investment advisory services we provide to the Global Advisee, including any specific investment guidelines or restrictions. Investment guidelines for each Global Vehicle, if any, are generally established in its organizational or offering documents and/or side letter agreements negotiated with its investors. We and TRTX amended TRTX’s Advisory Services Agreement on May 2, 2018. We provide investment advice directly to the Global Vehicles, and not individually to the investors in the Global Vehicles.

As described more fully in Item 11 below, TPG Management Companies and their related entities routinely enter into side letter agreements with certain investors in the Global Vehicles providing such investors with customized terms, which often results in preferential treatment.

*Amount of Client Assets.* As of June 30, 2023, we managed on a discretionary basis a total of approximately \$135,493,300,000 of client assets.

## **ITEM 5 – FEES AND COMPENSATION**

*Fees Generally.* The TPG Management Companies generally charge asset-based investment advisory fees (which in other contexts we commonly refer to as “management fees”) to the applicable Global Vehicle. Advisory fees paid by a Global Vehicle are indirectly borne by its investors. Such Global Vehicles’ advisory fees are deducted from Global Vehicle assets and generally payable quarterly or semi-annually in advance or in arrears, depending upon the Global Vehicle. The amount of any investment advisory fee is prorated for periods of less than a full billing cycle at the beginning or end of our provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of our investment advisory services. To the extent the base upon which we charge advisory fees changes during the course of the relevant period (e.g., due to an increase/reduction in actively invested capital), we generally are not required to make any adjustment, true-up or refund. As a result, we have an incentive to time the termination of the applicable Global Vehicle’s commitment period or the disposal of a particular investment in a manner that increases the aggregate amount of advisory fees we receive. Our Advisory Services Agreements generally impose some restrictions on a Global Vehicle’s ability to terminate the agreement. The specific restrictions vary depending on the nature of the Global Vehicle.

Each TPG Management Company establishes and negotiates with investors in the applicable Global Vehicle the precise amount of, and the manner and calculation of, the advisory fees. Such Global Vehicle’s Advisory Services Agreement, organizational documents, offering documents and/or other documentation, which we refer to collectively as, together with any applicable side

letters, the “Governing Documents,” set forth the precise amount of, and the manner and calculation of, the advisory fees.

Certain investors in a Fund, including, for example, a Global Vehicle’s general partner, its affiliates and certain “friends of the firm” (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles), pay reduced or no advisory fees at our discretion (though these investors generally pay their pro rata share of certain Global Vehicle expenses).

Please see Item 11 for a description of the side letter agreements we and our related advisers enter into with certain investors in Global Vehicles that provide such investors with customized terms, including with respect to reduced advisory fees.

Please see Item 6 for more information on incentive compensation.

*Termination Fee.* RE Finance Trust Management is entitled to a fee upon termination of the Advisory Services Agreement by TRTX (absent a cause event by RE Finance Trust Management). The termination fee would also be payable to RE Finance Trust Management upon termination of the Advisory Services Agreement by RE Finance Trust Management if TRTX materially breaches the Advisory Services Agreement.

*Fund Expenses.* In addition to the investment advisory or other fees described above,

- certain Funds reimburse us or our affiliates for certain organizational expenses, generally up to a specified cap, that are incurred in connection with the formation of the Funds and the offering of interests in them to potential investors, including:
  - fees and expenses of our counsel, including for preparing offering materials and preparing and negotiating the Governing Documents and other documents such as engagement letters for placement agents and all other documents attendant to a Fund’s formation and organization;
  - travel and related expenses incurred in connection with meetings with prospective investors regarding possible investments in the Funds;
  - printing, legal, capital raising, accounting, regulatory compliance (including the initial compliance contemplated by the European Union’s Directive 2011/61/EU on Alternative Investment Fund Managers (the “AIFMD”) or any similar law, rule or regulation) and any administrative or other filings (including the preparation, distribution or filing of any filings or reports contemplated by AIFMD or any similar law, rule or regulation); and
  - other expenses related to a Fund’s formation;
- each Fund (other than TRTX), and hence all of its investors, also generally bears all of the expenses incurred in relation to its activities, operations, meetings, termination and eventual liquidation (other than expenses resulting from the fraud, gross negligence or willful misconduct of us, its general partner or the applicable TPG Management Company).

These include, to the extent provided in the particular Fund's Governing Documents, most expenses related to a Fund (and its AIVs, special purpose vehicles and subsidiaries, including any subsidiaries that elect to be taxed as REITs and any foreign subsidiaries), such as expenses, costs and fees

- incurred in connection with discovering, investigating, pursuing, negotiating (including on negotiated trading platforms (e.g., ISDA contracts)), rating and structuring of investment opportunities (whether or not the investment is consummated) and making investments, including, for example
  - fees, costs and expenses associated with the organization, operation, administration, restructuring or winding-up, dissolution and liquidation of any special purpose vehicles or any alternative investment vehicles ("AIVs");
  - legal fees for drafting and negotiating agreements related to the making and financing, refinancing, structuring or restructuring of an investment, conducting due diligence and securing regulatory approvals;
  - fees of accountants that provide due diligence and other services including analyses with respect to accounting or performance reporting standards such as International Financial Reporting Standards (IFRS) and Global Investment Performance Standards (GIPS);
  - fees of tax specialists that advise on the optimal structuring of an investment;
  - fees of investment banks and related bank charges, placement, syndication and solicitation fees, arranger fees, sales commissions, investment, execution, closing and administrative fees, costs and expenses;
  - fees of advisors, consultants and other third-party service providers that advise, among other things, on various aspects of sourcing, investigating and pursuing possible investments, including industry and subject-matter experts;
  - fees and expenses relating to potential but not consummated investments, including costs that could have been allocated to prospective co-investors (including affiliated co-investors) had the deal been consummated;
  - startup costs and organizational expenses relating to potential platform companies that a Fund ultimately does not invest in;
  - startup costs relating to potential platform companies that a Fund ultimately does not pursue;
  - fees and expenses related to the travel of our employees including airfare, hotel and meal expenses; and



- loan origination, loan servicing and loan agency and similar services;
- incurred in rating, holding, developing, operating, trading and hedging, managing, financing (including providing guarantees and other credit support), refinancing, monitoring, structuring, restructuring, servicing, collecting on, disposing of and otherwise realizing upon investments, which can include amounts incurred in pursuing secondary liquidity transactions on behalf of a Fund or its assets, whether or not consummated;
- of compensating co-venturers;
- related to a Fund's borrowing, such as interest, commitment fees, upfront fees, legal fees, hedging fees, structuring fees and underwriting fees, fees in connection with margin loans and total return swaps and other fees and expenses;
- related to conferences and other professional development activities for Portfolio Investment (defined below) executives (including those we organize);
- related to business development activities, including meals and events;
- of
  - custodians,
  - depositories (including a depository appointed pursuant to the AIFMD),
  - advisors (including Senior Advisors (as defined below)),
  - consultants (including, but not limited to, consulting fees incurred by a Fund for the benefit of Portfolio Investments),
  - economists,
  - sourcing persons,
  - brokers,
  - local paying agents,
  - licensed local distributors and similar persons or entities,
  - outside counsel,
  - intermediaries,
  - administrators,
  - alternative investment fund managers,

- valuation firms,
- lawyers and legal professionals,
- tax professionals,
- accountants,
- auditors,
- investment bankers,
- lenders,
- loan originators,
- loan servicers,
- loan agencies,
- asset managers,
- expert networks and
- other services or professionals for services rendered to a Fund

(in each case, regardless of whether our employees have provided similar services to the Fund or other Funds (as defined in Item 11 below));

- of Y Analytics (a public benefit organization currently controlled by TPG) and similar impact consultants;
- incurred in connection with assessing the societal impact of investments made by certain Global Vehicles (including fees of affiliates and third-party impact consultants);
- relating to the meetings and activities of the advisory committee and the TPG NEXT Collaborative (as defined in *Item 11 – TPG NEXT Collaborative*) (or meetings and activities of a similar body), including
  - venue expenses,
  - fees, costs and expenses associated with any legal counsel or other third-party service providers or advisors or the Fund’s advisory committee or the TPG NEXT Collaborative, and
  - travel of the Fund’s advisory committee, the TPG NEXT Collaborative or similar body members;

- relating to other meetings of Fund investors in connection with the Fund, including venue expenses, and fees, costs and expenses associated with any legal counsel or other third-party service providers or advisors;
- relating to the travel of our employees in connection with the Fund’s advisory committee (or similar body), the TPG NEXT Collaborative or investor meetings and other Fund-related travel;
- for insurance coverage, including general partner liability/director and officer insurance and crime/fidelity insurance and cybersecurity insurance (including fees, costs and expenses related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance (see “Item 11 – *Allocation of Other Fees and Expenses*”);
- relating to third-party joint venture partners, operating partners and other similar persons or entities;
- information technology system expenses, including the costs of acquiring, development, implementing and maintaining computer software (including, but not limited to, specialty and custom software) and hardware and other technological systems for the benefit of a Global Vehicle (including third-party diligence software and service providers);
- of any administrator and valuation experts (including in relation to calling capital from and making distributions to investors, the administration of assets, financial planning and treasury activities);
- relating to administrative and accounting services (including investor information databases) and the creation of financial reports and other responses to reporting requests from investors, including the costs incurred to audit and provide access (whether through the Fund’s website or other portal) to such reports and any other related operational, secretarial or postage expenses, and expenses relating to protecting the confidential or non-public nature of any information or data;
- relating to Foreign Office Services, as described below;
- of servicers engaged to provide asset management, due diligence and underwriting services, asset and loan servicing and operational or other services with respect to Portfolio Investments;
- relating to sales, leasing, underwriting, origination and brokerage commissions and any other investment costs actually incurred in connection with actual Portfolio Investments;
- relating to compliance with tax or regulatory requirements applicable to a Fund or AIVs and/or relating to their operation (including the preparation and delivery of Fund financial statements, tax returns, Schedule K-1s or equivalent forms,

registration as a “private fund” with the Cayman Islands Monetary Authority under the Cayman Islands Private Funds Act (As Revised), engagement of alternative investment fund managers, depositaries, administrators and other service providers in connection with our compliance with obligations arising from the European Union’s Directive 2011/61/EU on Alternative Investment Fund Managers or any law, rule, or regulation relating to the implementation thereof in any relevant jurisdiction with respect to a Fund or AIVs, engagement of local representatives or paying agents, the preparation and submission of regulatory filings of a Fund and its affiliates (including Form PF, Form SHLA and other regulatory filings relating to a Fund’s activities including those with the U.S. Commodity Futures Trading Commission (“CFTC”) and the SEC) and our compliance with obligations arising from the European Union’s Directive 2011/61/EU on Alternative Investment Fund Managers with respect to a Fund or AIVs or any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations, including the engagement of administrators and/or similar persons to provide services in connection therewith));

- relating to the implementation of, and compliance with, legal, regulatory, environmental, social, governance (“ESG”) and other similar standards and commitments applicable to a Fund, its investments and potential investments, including diligence, monitoring and reporting with respect thereto and any requirements related to the foregoing set forth in one or more side letters or investor policies (“Portfolio Compliance”);
- relating to establishing, implementing, monitoring and/or measuring the impact of ESG policies and programs with respect to a Fund or its investments or prospective investments or the ESG-related impact of its investments on the environment or people;
- relating to the representation of a Fund or investors with respect to tax compliance or controversy matters (including fees, costs and other expenses incurred by the tax matters partner and/or partnership representative acting in such capacity or in connection with any tax audit, investigation, settlement or review of a Fund and expenses incurred in connection with tax preparation and filings);
- relating to the maintenance of TPG’s Luxembourg and Singapore offices (including office rent and salaries and other personnel expenses), and the establishment and maintenance of other non-U.S. offices or arrangements, where professionals perform certain local services in connection with the management of non-U.S. investments, including structuring, negotiation, execution, administration and monitoring activities;
- for litigation or arbitration relating to the activities or operations of the Fund (including the costs of discovery related thereto) and any related judgments or settlements (including any indemnification paid pursuant to the Governing Documents);

- fees, costs and expenses relating to administrative and accounting services (including limited partner information databases) and the creation of financial reports, and other responses to reporting requests from a Fund's investors, including the costs incurred to audit and provide access (whether through the Fund's website or other portal) to such reports and any other related operational, secretarial or postage expenses and expenses related to protecting the confidential or non-public nature of any information or data;
- relating to any costs and expenses incurred by the general partner, us or our or their respective personnel with respect to conferences, training programs and similar meetings;
- relating to any activities with regards to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with the U.S. Freedom of Information Act, or any similar statutory or regulatory disclosure requirement of any state or other jurisdiction) or relating to privacy or the processing or protection of personal data or personal information (including any costs incurred in connection with any applicable legislation or regulation relating to the protection of personal data in force from time to time in the United States, the European Union, the European Economic Area or the United Kingdom, including the California Consumer Privacy Act 2020, the General Data Protection Regulation (EU 2016/679) (GDPR) and the GDPR as it forms part of the Laws of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018, the UK Data Protection Act 2018, the Privacy and Electronic Communications (EC Directive) Regulations 2003, the ePrivacy Directive (2002/58/EC) and any implementing, predecessor or successor legislation, and any amendments or re-enactments of the foregoing);
- technology-related expenses, including any computer software or hardware, electronic equipment or purchased information technology services utilized in connection with a Fund's investments and operations;
- relating to any audit, investigation, regulatory or governmental inquiry or public relations undertaking;
- relating to the representation of the Fund or its investors with respect to tax compliance or controversy matters (including fees, costs and other expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund and expenses incurred in connection with tax preparation and filings), or in connection with any tax, audit, investigation, settlement or review of the Fund and expenses incurred in connection with tax preparation and filings;
- relating to compliance (or monitoring compliance) with the Fund's Governing Documents, side letters, (including "most favored nation" provisions) and any related documents, and preparation of related materials including the preparation and distribution of side letters, definitive documents and other materials to investors as "closing sets" or other post-closing distributions, and the preparation of internal

manuals, summaries, guides and other documents to facilitate our compliance with and organization of our Fund-related documents;

- fees, costs and expenses relating to exploring, evaluating, structuring, negotiating and/or consummating any potential liquidity transaction, including any costs related to offering or otherwise making available any of the foregoing to one or more partners (including any costs related to initial set up, ongoing subscriptions, compliance, tax analysis and/or maintenance of secondary matching programs and/or qualified matching services);
  - consisting of taxes, fees or other governmental charges levied against the Fund or its subsidiaries;
  - principal, interest, commitment fees, upfront fees, legal fees and other fees and expenses in connection with or arising out of all indebtedness and borrowings made by the Fund, including the arrangement thereof;
  - relating to winding up and liquidating, termination or dissolution of a Fund or any subsidiaries, including the formation and administration of a liquidating trust;
  - representing extraordinary expenses related to the Fund or actual or potential investments;
  - relating to any amendments, restatements or other modifications to the Governing Documents and any other related documents of a Fund, and any other related documents of the applicable Fund, including the solicitation of any consent, approval, waiver or similar acknowledgement from investors and/or the Fund's advisory committee and preparation of related materials;
  - any other fees, costs, expenses, liabilities or obligations approved by a Fund's advisory committee;
  - for clearing and settlement charges;
  - all third-party fees, costs and other expenses related to any of the foregoing items described above; and
  - not specifically identified in the Governing Documents as being borne by us; and
- in addition, TRTX is responsible for
    - fees, costs and expenses in connection with the issuance and transaction costs incident to the acquisition, negotiation, structuring, trading, settling, disposition and financing of TRTX's investments (whether or not consummated), including brokerage commissions, hedging costs, prime brokerage fees, custodial expenses, clearing and settlement charges, forfeited deposits and other investment costs, fees and expenses actually incurred in connection with the pursuit, making, holding, settling, monitoring or disposing of actual or potential investments;

- fees, costs and expenses of legal, tax, accounting, consulting, auditing (including internal audit), finance, administrative, investment banking, capital market and other similar services rendered to TRTX (including, where the context requires, through one or more third parties and/or our affiliates) or, if provided by our personnel or personnel of our affiliates, in amounts that are no greater than those that would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis;
- the compensation and expenses of TRTX's directors (excluding those directors who are officers or employees of us (or our affiliates)) and the cost of "errors and omissions" and liability insurance to indemnify TRTX's directors and officers;
- interest and fees and expenses arising out of borrowings made by TRTX, including costs associated with the establishment and maintenance of any of its credit facilities, other financing facilities or arrangements or other indebtedness (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any of its securities offerings;
- expenses connected with communications to holders of TRTX's securities and other bookkeeping and clerical work necessary in maintaining relations with holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including all costs of preparing and filing required reports with the SEC, the costs payable by TRTX to any transfer agent and registrar in connection with the listing and/or trading of its securities on any exchange, the fees payable to any such exchange in connection with its listing, costs of preparing, printing and mailing TRTX's annual report to its stockholders and proxy materials with respect to any meeting of its stockholders and any other reports or related statements;
- TRTX's allocable share of costs associated with technology-related expenses, including any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors or our affiliates, technology service providers and related software/hardware utilized in connection with TRTX's investment and operational activities;
- TRTX's allocable share of expenses incurred by our managers, officers, personnel and agents for travel on its behalf and other out-of-pocket expenses incurred by them in connection with the purchase, financing, refinancing, sale or other disposition of an investment or the establishment and maintenance of any financing facilities or arrangements, securitizations or any securities offerings;
- TRTX's allocable share of costs and expenses incurred with respect to market information systems and publications, research publications and materials, including news research and quotation equipment and services;
- the costs and expenses relating to ongoing regulatory compliance matters and regulatory reporting obligations relating to TRTX's activities;

- the costs of any litigation involving TRTX or its assets and the amount of any judgments or settlements paid in connection therewith, directors and officers, liability or other insurance and indemnification or extraordinary expense or liability relating to TRTX's affairs;
  - all taxes and license fees;
  - all insurance costs incurred in connection with the operation of TRTX's business except for the costs attributable to the insurance that we elect to carry for ourselves and our personnel;
  - TRTX's allocable share of costs and expenses incurred in contracting with third parties, in whole or in part, on TRTX's behalf;
  - all other costs and expenses relating to TRTX's business and investment operations, including the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of investments, including appraisal, reporting, audit and legal fees;
  - expenses relating to any office(s) or office facilities, including disaster backup recovery sites and facilities, maintained for TRTX or its investments separate from our offices;
  - expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by TRTX's board of directors to or on account of holders of its securities, including in connection with any dividend reinvestment plan;
  - any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against TRTX, or against any of its directors, trustees, partners, members or officers in their capacity as such for which TRTX is required to indemnify them by any court or governmental agency;
  - the cost of any equity awards for directors and/or executive officers; and
  - all other expenses we actually incur (except as otherwise described above) that are reasonably necessary for the performance of our duties and functions under the Advisory Services Agreement.
- certain Funds reimburse us or our affiliates for certain expenses, including, among other things, expenses related to in-house services (as described below) and employees or consultants providing operational support, regulatory or legal support, specialized operations and consulting services and similar or related services (as described below – see “*Item 11 – Providers of Specialized Operational Services to Portfolio Investments*”) to the Global Advisees or their Portfolio Investments.

In addition, the Governing Documents typically provide that TPEP Vehicles will bear certain travel expenses but we have determined that we will bear these expenses instead.



Certain Funds' Governing Documents generally permit the Funds, subject to certain limitations, to borrow to pay the expenses described above.

We incur some expenses on an aggregate basis for the benefit of multiple Global Vehicles and/or TPG. For example, we purchase on a firm-wide basis, insurance that covers TPG and the Global Vehicles. We allocate the aggregate costs of these items across the applicable Global Vehicles and/or TPG in a manner we determine to be reasonable and fair in our sole discretion. Generally, the allocation method across multiple Global Vehicles is pro rata in accordance with assets under management, but we vary this approach in particular instances if we believe another method is more equitable. For instance, when allocating amounts (including firm-wide insurance) to TPG, TPG's allocable portion may be based on some other metric and may be a fixed percentage that we determine to be equitable. See "*Item 11 – Allocation of Other Fees and Expenses*" for more information.

In addition, although some expenses are incurred on behalf of a Global Vehicle, they are likely to benefit other Global Vehicles or TPG more broadly. For example, information and data TPG obtains in connection with a Global Vehicle's research, due diligence and investment activities will be valuable to other Global Vehicles and TPG's other businesses. In addition, tools and resources developed at a Global Vehicle's expense will be the intellectual property of TPG and not the Global Vehicle. If TPG licenses or sells such intellectual property to third parties in the future, the relevant Global Vehicle will not benefit from such license or sale.

For information on brokerage practices, see Item 12 below.

*Co-Investment Vehicles.* In certain instances, we will evaluate investment opportunities that, if consummated, we would likely offer in part to a Co-Investment Vehicle or prospective co-investors, including affiliated co-investors. Investors in a Co-Investment Vehicle typically bear all expenses related to the vehicle's formation and operation similar to those described above for a Fund, and the vehicle generally bears its pro rata portion of expenses incurred in the making of an investment. However, if such a potential investment is not consummated, the full amount of any expenses relating to the potential but not consummated investment and co-investment (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) will typically be borne entirely by the Fund or Funds we select as proposed investors for such investment, rather than the Co-Investment Vehicle or any such prospective co-investors. Alternatively, such co-investors could independently pursue such transaction, without reimbursing a Fund for its broken deal costs. See "*Item 11 – Allocation of Fees and Expenses for Broken Deals*" for more information.

With respect to Co-Investment Vehicles, any fees to be received by a TPG Management Company, and expenses borne by the Co-Investment Vehicle, are generally negotiated on a vehicle-by-vehicle basis, but sometimes include asset-based fees and expense reimbursements, reimbursements for Specialized Operational Services (as defined below see – "*Item 11 – Providers of Specialized Operational Services to Portfolio Investments*") or non-advisory administrative fees similar to those described above for the Funds.

*Fees for Services Provided to Portfolio Investments.* Typically, certain net fees we receive in respect of our management of the Global Vehicles, which we refer to as "portfolio fees," allocable

to fee-paying investors, will offset the management fee due from such investors. For certain Global Vehicles, there is no management fee offset applicable to investors who do not pay management fees. Accordingly, we retain amounts of portfolio fees allocable to fee-free investors without further offsetting the management fee of fee-paying investors.

Portfolio fees include the cash and other consideration:

- received by any of the following (except Senior Advisors, those providing Specialized Operational Services or those receiving underwriting, private placement or arranging fees, discounts or commissions, those providing Foreign Office Services or those providing NEXT Manager Services (as defined in *Item 11 – NEXT Manager Services*)):
  - us;
  - the Funds’ general partners;
  - any of their respective employees or affiliates (other than a Global Vehicle, any parallel investment entity and any side-by-side separate account); or
  - any of a Fund’s general partner’s partners;
- from or in respect of a Global Vehicle’s portion of an investment as:
  - acquisition and disposition fees;
  - monitoring fees (including accelerated monitoring fees in certain circumstances as described below);
  - directors’ fees;
  - financial consulting fees;
  - advisory fees;
  - organization, financing, divestment and topping fees;
  - break-up fees received in connection with the termination, cancellation or abandonment of a potential investment;
  - commitment fees;
  - origination fees, lending fees or “points”; and
  - any other fees earned on or relating to the making, disposition or management of investments.

For purposes of calculating the amount that offsets the management fees, portfolio fees are net of any reimbursement for Specialized Operational Services from portfolio fees. In addition, amounts constituting portfolio fees may be used in our sole discretion to pay or reimburse out-of-pocket

expenses related to the investment giving rise to such amounts instead of applying such amounts as a management fee offset.

Generally, the Governing Documents of a Global Vehicle stipulate that only those individuals who are employees are our affiliates, and therefore we exclude from portfolio fees the fees non-employees earn from Portfolio Investments. Whether an individual is an employee generally turns on whether certain indicia of employment are present. This determination is highly fact dependent and involves complex judgments within varying legal and regulatory frameworks. As a general matter, we do not expect to treat our Senior Advisors or other advisors, consultants or strategic business partners as employees or otherwise consider them our affiliates. Some of these individuals are our former employees.

Although these portfolio fees are in addition to the advisory fees, TPG Management Companies will in some circumstances be obligated to reduce the amount of advisory fees paid by the applicable Global Vehicle by an amount equal to all or a portion of such portfolio fees. The specific amount and nature of this reduction varies among Global Vehicles and is generally set forth in the Governing Documents of the applicable Global Vehicle. Furthermore, a Global Vehicle will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee allocable to another entity, including, if applicable, another Global Vehicle or co-investor. As some Global Vehicles do not pay advisory fees (*e.g.*, certain Co-Investment Vehicles) or do not have offset provisions requiring the reduction of advisory fees, we will retain portfolio fees allocable to these Global Vehicles without reduction.

Certain fees and reimbursements are generally not considered portfolio fees under the terms of the applicable Governing Documents, and are not subject to the reduction arrangements described above. These amounts include but are not limited to:

- any amounts paid by Portfolio Investments to a TPG Management Company as reimbursement for any out-of-pocket costs and expenses we incur in connection with a transaction (including travel expenses, which include expenses for business or first class travel, “black car” transportation and meals (including late night meals consumed at times when not traveling) and entertainment-related expenses) or its performance of services for such Portfolio Investment, whether or not these expenses would be payable by a Global Vehicle if not for such reimbursement;
- a portion of a transaction or other fee received from an actual or prospective Portfolio Investment that we in our sole discretion agree to pay to a third party, such as a consultant, advisor, Senior Advisor (which, as discussed in further detail in Item 11 below, are consultants who generally have established industry and/or regional expertise and are available to assist us with transaction sourcing, due diligence, valuation, structuring, consulting and similar matters), finder, broker and/or investment bank (as the third-party fee is not a fee that we are entitled to retain);
- any profits interests or other compensation or amounts payable by a Portfolio Investment or a Global Vehicle to an affiliate of ours (including former Senior Advisors) pursuant to an arrangement that was entered into prior to such person becoming an affiliate of TPG, regardless of when the interests, compensation or amounts crystallize or vest;

- any underwriting, private placement, arranging or similar broker-dealer fees, discounts or commissions paid by Portfolio Investments to TPG Capital BD, LLC (“TPG BD”), our broker-dealer affiliate (or other affiliated broker-dealers) in connection with securities offerings or loan syndications (as described below – see “*Item 5 – Compensation Received by TPG Capital BD, LLC and Related Entities for Capital Markets Activity.*”);
- any amounts paid by a former Portfolio Investment, such as directors’ fees a former Portfolio Investment pays one of our professionals who remains on the Portfolio Investment’s board of directors following the Global Vehicle’s disposition of the investment;
- the portion of any fee allocable to a co-investor, co-venturer or Global Vehicle (even if it is received by the Global Vehicle, us, the General Partner or any of their affiliates), except that for certain Global Vehicles a certain percentage of any one-time, up-front acquisition fees allocable to a co-investment vehicle managed by us that (a) is established in connection with any co-investment offered by certain Global Vehicles to their investors and (b) does not charge management fees or carried interest to such investors will be considered “portfolio fees” and will offset the management fees of certain Global Vehicles on a pro rata basis in accordance with their relative portions of the applicable investment opportunity;
- any fee paid to a co-underwriter or co-sponsor of an investment;
- any amounts a Global Vehicle’s advisory committee consents not to treat as portfolio fees;
- reimbursement payments from Portfolio Investments and/or Global Vehicles for Specialized Operational Services (as described below – see “*Item 11 – Providers of Specialized Operational Services to Portfolio Investments*”);
- reimbursement payments to us for NEXT Manager Services (see “*Item 11 – NEXT Manager Services*”);
- any amounts paid by our Portfolio Investments as reimbursement for any out-of-pocket costs and expenses we incur in connection with a transaction, whether or not these expenses would be payable by a Global Vehicle if not for such reimbursement;
- reimbursement payments from Global Vehicles in respect of in-house services or Foreign Office Services by us or an affiliate (as described below);
- any amounts paid by a Global Vehicle or by Portfolio Investments to persons designated in the Governing Documents as unaffiliated with TPG, such as Y Analytics; and
- any amounts paid by a platform company to its management team (as described below – see “*Item 11 – Platform Companies*”).

Receiving amounts that do not offset the management fee gives us an incentive to maximize such amounts and to make and structure and potentially syndicate investments that could generate such

amounts, even if we otherwise would not make such an investment in their absence. For example, origination fees with respect to certain Global Vehicle's Portfolio Investments can be paid to us, in which case management fees will typically be offset by 100% of the amount of the Global Vehicle's share of such net origination fees, but not by amounts attributable to investments by other Global Vehicles or any third parties. Alternatively, a Global Vehicle could receive the origination fees directly, in which case there will typically be no management fee offset. We generally receive a greater economic benefit by structuring origination fees to be paid to us directly, subject to the management fee offset, and are authorized to do so in our sole discretion. Origination fees paid to us or a Global Vehicle in connection with a transaction could be allocated, or not, to other Global Vehicles, including separate accounts, lock step vehicles, side cars or other co-investment vehicles that invest (or are expected to invest) alongside a Global Vehicle, as determined by us to be appropriate given the circumstances.

Governing Documents generally allow us to receive portfolio fees from a Global Vehicle's Portfolio Investments, and we expect to receive portfolio fees over the life of a Global Vehicle. The amount, structure, timing and other terms of any portfolio fee will vary depending on the terms of our agreement with each Portfolio Investment. Some portfolio fees are payable upon closing of a particular transaction or other events, whereas other portfolio fees are payable in annual installments, with the possibility that those annual payments accelerate upon specified events. For example, we from time to time charge a Portfolio Investment annual monitoring fees under a management services agreement. The monitoring fees can be a fixed annual amount or a floating amount, sometimes based on a percentage of the investment's earnings. There can be no assurance that the amount of fees charged will be proportional to the amount of hours of work performed on behalf of the Portfolio Investment. A management services agreement typically has a stated term of ten years, though we expect a management services agreement to terminate when the Global Vehicle ceases to hold a material interest in the relevant Portfolio Investment. In certain circumstances (such as the occurrence of an initial public offering or a sale where the Global Vehicle maintains a material interest), the termination of the management services agreement may result in the acceleration of the payment of all or a portion of the monitoring fees or may result in the payment of other exit, performance-based or termination fees. The portfolio fees paid by Portfolio Investments in these situations may be significant. In general, we typically do not negotiate such fees with Portfolio Investments on an arm's-length basis. Portfolio fees could adversely affect a Portfolio Investment's financial performance.

The Governing Documents provide for management fees to be paid by the Global Vehicles to us, for allocation of certain expenses and portfolio fees to us and for certain indemnification and exculpation of us and certain related persons. In addition, we, or our employees on our behalf, have received, and expect in the future to receive, stock of certain Portfolio Investments as a portfolio fee due to the service of our employees on the boards of such Portfolio Investments. Although such fees may be subject to offset as described above, the recipients (including us) of such stock generally will be able to determine the timing of the stock's disposition, which creates in certain circumstances a conflict of interest between us, as an adviser to the Global Vehicle, and our related persons, on the one hand, and the Global Vehicle, on the other.

We and our affiliates also engage and retain Senior Advisors, advisors, consultants and other similar professionals as independent contractors who, from time to time, receive payments from, or allocations with respect to, Portfolio Investments, Global Vehicles and/or other entities. In such

circumstances, such amounts generally will not be deemed paid to or received by us and our affiliates and such amounts will not be subject to the sharing and/or offset arrangements described above. We describe these relationships further below. See “*Item 11 – Conflicts Relating to Activities and Compensation of TPG Operations/Business Building Professionals*,” “*Item 11 – Conflicts Relating to Activities and Compensation of Senior Advisors*” and “*Item 11 – Conflicts Relating to Activities and Compensation of Other Third Parties*.”

Receiving amounts that do not offset the advisory fees gives us an incentive to maximize such amounts and to cause Global Vehicles to make investments that could generate such amounts even if we otherwise would not have caused Global Vehicles to make such investments in their absence.

*Certain In-House Services.* Certain Global Vehicles are responsible either directly or by reimbursing us for the fees, costs and other expenses related to certain legal, regulatory, tax, finance and accounting, information technology, fund administration and similar services (including all fees, costs and other expenses relating to Portfolio Compliance provided by us or an affiliate to or for the benefit of the Global Vehicle (including an allocable portion of personnel and related overhead expenses) if certain conditions are met, which generally include but are not limited to:

- the fees, costs and other expenses of these services would be paid by the Global Vehicle if the services were provided by third-party service providers;
- we reasonably believe it is in the Global Vehicle’s best interests to have in-house personnel perform such services; and
- the costs of providing such services in-house are less than the amount that would be charged by a third party providing comparable services in an arm’s-length transaction.

These services include, but are not limited to, for example:

- legal, regulatory and tax services in connection with the organization, operation and activities of a Global Vehicle, including preparation, negotiation, interpretation and implementation of a Global Vehicle’s Governing Documents, investment due diligence, structuring, negotiation, execution, monitoring and exit related activities, and tax and regulatory compliance, analysis, reporting and filings;
- financial management activities, including calculation of management fees and carried interest, financial tracking and reporting, preparing and recording capital activity, performing bank account reconciliations, and calculating and maintaining track records and preparing and presenting fund reporting to investors;
- opening and administering bank accounts, custody administration, obtaining and administering lines of credit, foreign exchange hedging and execution (where applicable);
- assisting in and administering deal closings, distributions, capital calls and other funds flows, managing credit lines, fund expense review, fund performance monitoring and reporting and fund working capital management;

- accounts payable and receivable processing and process development, expense analysis and fund invoice execution and cash collection;
- Portfolio Investment valuation for fund financial reporting, reporting and analysis of Portfolio Investment information;
- fund administration activities such as investor onboarding and transfer related activities, maintaining investor databases, coordinating responses to investor requests, processing investor audit confirmations and account updates, coordinating investor mailing and communications, publishing investor documents and meeting materials and oversight of operational due diligence processes;
- information technology development, maintenance and support services in connection with fund accounting and reporting software and other systems and programs used to provide services to a Global Vehicle; and
- services related to the implementation of, and compliance with, legal, regulatory, ESG and other similar standards and commitments applicable to a Global Vehicle, its investments and/or potential investments, including diligence thereof and any requirements relating to such standard and commitments that are included in investor side letters or investor policies.

The amount of fees, costs and expenses of in-house services that a Global Vehicle bears on an annual basis will typically be subject to a cap.

Occasionally, whether a service meets the criteria for payment or reimbursement from a Global Vehicle is not clear. In such circumstances, we will determine in our sole discretion whether payment or reimbursement is appropriate. Our determinations regarding the types of activities we seek reimbursement for will likely change over time, and additional activities not set forth in the examples above but that satisfy the criteria of in-house services are expected to be subject to reimbursement in the future

From time to time, our in-house professionals work alongside third-party service providers on the same matter or engagement. When this occurs, although a third party is also engaged on the matter, a Global Vehicle is still expected to reimburse us for the work performed in house to the extent we determine that the in-house work meets the criteria for reimbursement. We expect that the services provided by us or an affiliate in-house will expand over time.

We have developed processes to monitor the allocation of expenses relating to in-house services with respect to certain Global Vehicles. Currently a monthly time allocation is prepared for each individual service provider (e.g., TPG employee or other affiliate) to reflect the services he or she provided to Global Vehicles, certain Co-Investment Vehicles managed by us or us or TPG Management Companies, as applicable. Senior professionals in the relevant service group and our legal or compliance professionals review the allocations on a quarterly basis for reasonableness. We determine the monetary value of services performed by a TPG employee providing in-house services by reference to the aggregate annual compensation paid to the employee (including

benefits, profits interests, equity interests (including restricted stock units or other equity awards in TPG Inc.) or other incentive-based compensation), plus an estimate of the overhead and other fixed costs allocable to the employee, and the amount of time spent by the employee providing the in-house services. Our internal compensation team adjusts recorded time as necessary, and we review the assigned monetary value against third-party benchmarks on an annual basis, which may, for the avoidance of doubt, be at the top of the range we determine to be reflective of rates in the applicable market and similar markets. The Global Vehicles will bear their share of the cost of benchmarking and the calculations described above, including research of third-party rates. For time allocated to a Global Vehicle, it bears the lesser of the third-party benchmark and the actual in-house service cost. Because our in-house expense allocation process relies on certain judgments and assessments that in turn are based on information and estimates from various individuals, the allocations that result are not likely to be exact and we do not represent that any benchmarking ultimately will be accurate, comparable or relate specifically to the assets or services to which such rates or terms relate. Where such rates or terms include hourly components, we reserve the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. In the future we could use additional or different methods to allocate in-house expenses.

*Foreign Office Services.* Non-U.S. vehicles and Portfolio Investments of a Fund from time to time receive operational, investment monitoring and risk management, director (or analogous function), entity administration, legal, regulatory, tax, accounting and similar services from TPG's Luxembourg, Singapore and other non-U.S. offices, if applicable. We refer to such services provided by such non-U.S. offices as "Foreign Office Services." Each non-U.S. vehicle of a Fund and each Portfolio Investment receiving Foreign Office Services will reimburse our relevant affiliates for the allocable share of the expenses incurred by such affiliates in providing Foreign Office Services to it (including any value added taxes or other sales taxes thereon). Reimbursements include personnel and related overhead expenses related to Foreign Office Services, including establishment costs of any new applicable non-U.S. offices, but do not include any amounts incurred in performing the investment advisory functions (e.g., the services customarily performed by investment professionals), which will not be reimbursable. These reimbursements will not constitute portfolio fees and will not be shared with a Fund or the investors in a Fund or reduce the advisory fee payable by any investor in a Fund. We are developing processes for the allocation of Foreign office Services expenses, and currently expect they will be similar to the in-house services processes described above. We could use additional or different allocation methods over time.

*Y Analytics.* Y Analytics is a public benefit company currently affiliated with TPG that provides ESG-related services to the Global Vehicles and Portfolio Investments, including diligence, screening and portfolio-level initiatives. We may utilize the services of Y Analytics in our discretion. TPG is entitled to reimbursement for ESG-related services provided by Y Analytics to a Fund to a Global Vehicle or its Portfolio Investments either as a Specialized Operational Service (see "*Item 11 - Providers of Specialized Operational Services to Portfolio Investments*") or as an in-house service (see "*Item 5 – Certain In-House Services*") or as a NEXT Manager Service (see "*Item 11 – NEXT Manager Services*") and such reimbursements are not subject to management fee offsets or otherwise shared with the Fund. Y Analytics also provides impact assessment, underwriting and due diligence services to certain Global Vehicles.



*Overhead.* In calculating reimbursement amounts for Specialized Operational Services, NEXT Manager Services, in-house services and Foreign Office Services, we include an estimate of overhead costs for the individuals providing the services. Our estimate sometimes varies depending on the nature and location of the work being performed. Overhead charges currently include but are not limited to:

- location costs: rent and other office costs, such as electricity, facilities services, catering charges and property taxes;
- administrative costs: administrative personnel costs;
- IT costs: information technology costs relating to hardware, software and technology costs of our infrastructure;
- HR and recruiting costs: in-house human resource-related costs, and expenses paid to third-party talent agencies for recruiting; and
- research-related costs: research costs and other miscellaneous expenses associated with items such as subscriptions to trade journals and databases.

We review our overhead estimates on a periodic basis, typically annually. We expect to change our overhead methodology over time.

*Travel Expense Reimbursements.* As described above, Funds reimburse us for Fund-related travel expenses of our personnel, including travel relating to a Fund's organization, investment activities, investor conferences and advisory committee meetings. Portfolio Investments also often reimburse us for travel expenses, including travel relating to transactions, board service and other monitoring activities, and Specialized Operational Services and NEXT Manager Services. Travel reimbursements currently include, but are not limited to, items such as:

- hotel accommodations and other forms of lodging;
- air and ground transportation;
- meals; and
- incidental travel expenses.

We expect some of the Fund-related and Portfolio Investment-related travel, and the reimbursements we receive, to include "business class," "first class" or other forms of premium travel and accommodation and could include the use of chartered travel or private air travel, as appropriate and in accordance with our travel policies. In addition, we and our personnel will from time to time receive personal benefits and perquisites arising from Fund-related and Portfolio Investment-related travel, including special credits and discounts provided from service providers. For example, airline travel or hotel stays may result in frequent flyer or loyalty "miles" or "points" for use by us and our personnel. These benefits will not be shared with the Fund or Portfolio Investments and will not offset the advisory fee.

*Compensation Received by TPG Capital BD, LLC and Related Entities for Capital Markets Activity.* Our affiliate TPG BD is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority (“FINRA”).

TPG BD and related entities typically receive compensation for the services we provide in connection with capital markets services. See “*Participation of TPG BD and Related Entities in Capital Markets Activity*” in Item 11 for additional information on such compensation and related conflicts of interest.

While we believe such fees, commissions and other compensation are reasonable and generally charged at market rates for the relevant activities, such compensation may not in each case be negotiated at arm’s length and from time to time may be in excess of fees, commissions or other compensation that may be charged by an unaffiliated third party. Global Vehicles generally will not have the right to share in, or have advisory fee offsets for, any compensation received by TPG BD. TPG BD will only serve as a broker-dealer in a transaction for a Global Vehicle or its Portfolio Investment if we determine it is consistent with our fiduciary duties.

TPG BD’s business continues to evolve and expand. It is possible that TPG BD would earn fees for engaging in other transactions that relate to a Global Vehicle or its Portfolio Investments. For example, TPG BD could place interests in vehicles formed for the purpose of making co-investments or exercising our rights or discharging our obligations under the Governing Documents.

When TPG BD acts as the placement agent for a Global Vehicle in respect of securities or instruments issued by the Global Vehicle, no commission or other compensation is received by TPG BD from such Global Vehicle or their investors for such service.

*Leveraged Procurement.* Additionally, certain Portfolio Investments of Global Vehicles are also, or have been, counterparties or participants in agreements, transactions or other arrangements that involve payments, discounts, reimbursements or other benefits to us or our affiliates. For example, we currently afford certain Portfolio Investments the opportunity to participate in a program with us, our affiliates and other Portfolio Investments pursuant to which one of our affiliates negotiates favorable procurement arrangements. We and our affiliates, together with participating Portfolio Investments, receive the favorable procurement terms, which we are able to secure due in part to the involvement of our Portfolio Investments. This program is a Specialized Operational Service provided to participating Portfolio Investments, and therefore our affiliates receive reimbursements from the Global Vehicles and their Portfolio Investments to cover the cost of administering the program through the method described in “*Item 11 – Providers of Specialized Operational Services to Portfolio Investments*” and such reimbursements are not subject to advisory fee offsets or otherwise shared with the Global Vehicles. Because the cost of administering this program is shared among the participants, we will disproportionately benefit from it to the extent we utilize a greater number of the favorable procurement arrangements to a greater degree than any of the participating Portfolio Investments.

With respect to all of the services described above in Item 5, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Funds (other than TPEP Vehicles and REITs) generally allocate a portion of their investment profits to their general partners, which are affiliated with us, as a carried interest, as set forth in each Fund's Governing Documents. The TPEP Vehicles generally allocate a portion of their investment profits to their general partners as a performance allocation, as set forth in each TPEP Vehicle's Governing Documents. REITs generally allocate a portion of their excess cash flow above a hurdle rate to us as an incentive fee in accordance with the relevant Governing Documents. Co-Investment Vehicles also, in some cases, allocate a portion of their investment profits to their general partners, which are affiliated with us, as a carried interest, as set forth in the relevant organizational documents for each Co-Investment Vehicle.

There is a reduced allocation or no allocation of carried interest, performance allocation or excess cash flow, as applicable, with respect to certain investors in certain Funds, including, for example, the Fund's general partner, its affiliates and certain "friends of the firm."

The allocation of carried interest, performance allocation or excess cash flow, as applicable, at different rates, or (as applicable to certain other Global Vehicles) subject to different hurdle rates, creates an incentive for us or our affiliates to disproportionately allocate time, services or functions to Global Advisees allocating carried interest, performance allocation or excess cash flow at a higher rate (or, as applicable to certain other Global Vehicles, subject to a lower hurdle rate), or to allocate investment opportunities to such Global Vehicles. We have adopted policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that we believe is consistent with the relevant Governing Documents and otherwise fair and reasonable under the circumstances, considering such factors as we deem relevant, but in our sole discretion.

Since the amount of carried interest, performance allocation or excess cash flow allocable to a Global Vehicle's general partner depends on the Global Vehicle's performance, we have an incentive to take risks in managing the Global Vehicles that we would not otherwise take in the absence of such arrangements. We also have an incentive to dispose of a Global Vehicle's investments at a time and in a sequence that would generate the highest performance allocation, even if it would not be in the Global Vehicle's interest to dispose of the investments in that manner. In addition, tax reform enacted in 2017 in the United States has generally increased, to three years, the holding period required in order for professionals to treat their performance allocations as capital gain and further changes have recently been under discussion in the U.S. Congress that could increase such required holding period. This creates an incentive for us to hold a Global Vehicle's investments for longer periods in order for the gain from their dispositions to qualify for capital gain treatment under the carried interest rules, even if it would be in the Fund's interest to hold the investments for shorter periods. See Item 11 below for additional information relating to how we generally address conflicts of interest.

## **ITEM 7 – TYPES OF CLIENTS**

See "*Item 4 – Advisory Business.*"

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

For the purposes of this Item 8, “we,” “us” and “our” shall include the applicable TPG Management Company, except where context otherwise requires.

### ***Methods of Analysis and Investment Strategy – Private Equity***

We primarily seek to make significant investments in operating companies through acquisitions and financings. In evaluating a potential Portfolio Investment, we conduct extensive due diligence to analyze, among other things, the company’s

- market and competitive position within that market;
- cost and revenue structures;
- unique assets, such as brand strength, distribution capability and intellectual property;
- management team and compensation structure;
- key downside risks;
- contingent liabilities (environmental, regulatory, accounting or otherwise);
- sustainability and other environmental, social and governance considerations;
- potential growth opportunities; and
- potential exit strategies.

We employ a worldwide network and an integrated investment process. We seek to establish a comprehensive view of key investment issues, including operations, competitors and regulatory constraints, across geographies. Global Vehicles are integrated through a centralized investment review process, from sourcing through portfolio management.

In each Global Vehicle, we generally seek to build a portfolio that is diversified with respect to transaction type, geographical exposure (as distinct from “domicile”) and sector. We also generally seek to maintain investment balance across industries that we believe are stable or otherwise attractive and industries with attractive long-term secular growth trends. We aim to identify “second derivative” correlations to avoid overweighting to single macroeconomic factors that typically affect different industries and geographies. We also source and present to investors in certain Global Vehicles investment opportunities tailored to meet pre-determined investment strategies, and such opportunities may be pursued through a one-investor Fund that represents a separately managed account for such investor. Such strategies include making investments with shorter durations and different targeted returns than those found in traditional private equity funds. Investments in Funds that represent separately managed account arrangements are made on a discretionary basis, and such investments may or may not be made alongside other Global Vehicles.

We seek to identify operational enhancements during due diligence and to add value to Portfolio Investments following an acquisition. We utilize creative operational and financial strategies throughout the Portfolio Investments' evolution. We and our affiliates employ a group of operating professionals with significant career experience and deep sector expertise. We and our affiliates also employ a group of professionals with highly focused functional specializations.

We have a dedicated TPG operations team with the mission of driving shareholder value creation by engaging throughout the lifecycle of an investment, from the investment due diligence phase through exit. Following investment, the TPG operations team helps identify and execute on revenue growth, operational effectiveness and profit enhancement initiatives. The scope of this group's activities is summarized as follows:

- support the due diligence process by providing sector insights and expertise that informs transaction underwriting and identifying opportunities for operational improvement post-investment;
- support human capital initiatives by enhancing management teams and boards;
- drive the value creation planning process through active engagement with management teams;
- provide business performance oversight; and
- serve as interim executives, when necessary.

#### ***Methods of Analysis and Investment Strategy – Private Equity (Asia)***

In Asia, we focus on sourcing assets in select sectors and markets. We aim to invest in deals we expect will benefit from regional growth trends and leverage our operations capabilities by seeking to acquire or upgrade talent and drive operational change. We seek to create a diversified portfolio across Asian geographies, sectors, control profiles and deal types. We apply a thematic approach to investing, pursuing what we believe to be the most attractive risk-adjusted investment opportunities available.

We seek geographic diversification to help mitigate country-specific risk. We believe the ability to maintain flexibility is important given the geographically expansive region and the variation in the maturities of the economies. As a pan-Asian investor, we invest in both developed and developing countries, which yield different investment opportunities from traditional leveraged buyouts to growth equity. We emphasize control-oriented investments and implement various types of deal structures according to what we deem most appropriate for the market and opportunity and believe that gaining influence (particularly in minority investments) requires creativity, an understanding of local regulatory and political restrictions, credibility as a partner and local relationships.

### ***Methods of Analysis and Investment Strategy – Private Equity (Growth)***

Our Growth investment team focuses on growth equity and control growth buyout investment opportunities, leveraging TPG’s substantial institutional resources to contribute to thematic insight, sourcing and investment diligence with the aim of enhancing investment returns.

Our approach is focused on generating compelling risk-adjusted returns through:

1. targeted sector diversification, providing broad market exposure based on themes that are consistent with our accumulated expertise and views on the market;
2. flexible structural toolkit allowing us to be deal structure agnostic, optimizing for risk/reward;
3. thematic integration across geographies; and
4. growth alpha generation through deep business building engagement.

Our growth investments are often sourced directly through our broader platform, including our network of Portfolio Investments and relationships. We seek opportunities in which our investing platform or expertise creates differentiated investment opportunities and unique insights that inform the investment thesis and transaction underwriting – what we refer to internally as the “TPG angle.”

We source and invest across the globe, focused on five key sectors: Business Services, Consumer, Healthcare, Internet Digital Media & Communications, and Software & Enterprise Technology. We primarily make growth equity and control growth buyout investments. We seek to diversify our portfolio by industry and to optimize the capital structure of our Portfolio Investments to enhance equity returns, using leverage in select situations.

### ***Methods of Analysis and Investment Strategy – Private Equity (Rise)***

The Rise platform invests primarily in growth equity, control growth buyout and select venture capital opportunities that have positive social or environmental impact inherent in their core strategy. The Rise platform represents a paradigm shift, investing at scale to pursue both competitive financial returns and measurable societal benefits. We launched The Rise platform in 2016 with the founding of The Rise Fund, and have since raised a successor Rise Fund and built out our impact platform to include sector specific impact investing funds including the Evercare Health Fund, an emerging markets healthcare investing vehicle, and TPG Rise Climate, a dedicated climate investing strategy. Our multi-fund impact platform harnesses the diverse skills of a differentiated group of stakeholders: (i) Y Analytics, a public benefit organization that is wholly owned by TPG and which we founded to provide impact research and rigorous assessment measures for impact investments; (ii) a Global Advisory Board composed of global thought leaders supporting conscientious capitalism as well as a group of strategic partners and advisors; and (iii) The Climate Coalition, a partnership between TPG and more than 20 leading global corporations to share knowledge of and invest in climate solutions through TPG Rise Climate. With these complementary perspectives, the Rise platform thematically expects to select businesses

producing goods or services that help address significant societal challenges such as those identified by the United Nations' Sustainable Development Goals.

Rise pursues investments in three main categories:

1. proactive sector, geography or impact-based themes that are consistent with our accumulated expertise and views on the market;
2. companies in which our platform capabilities and portfolio create differentiated investing views; and
3. growth equity, control growth buyout and select venture capital opportunities in which we can buy at attractive valuations and improve the business post-closing with the aim of generating strong risk-adjusted returns and positive social or environmental impact.

We source and invest across the globe, focused on five key sectors: Education, Financial Inclusion, Healthcare, Impact Services and Climate & Conservation. Our Rise investments are often sourced directly through our broader platform, including our network of portfolio companies and relationships, as well as the Rise Global Advisory Board. We seek opportunities in which we believe our investing platform or expertise creates differentiated investment opportunities and unique insights that inform the investment thesis and transaction underwriting.

#### ***Methods of Analysis and Investment Strategy – Private Equity (TPG Tech Adjacencies)***

TPG Tech Adjacencies (“TTAD”) is the primary investment platform for TPG’s equity investments in companies operating in the internet, digital media & communications and software & enterprise technology sectors. Over the past decade, as technology companies stay private for longer and much of a company’s equity value creation is now taking place in the private markets as opposed to the public markets, there has been the creation of a new asset class of investment opportunities that few traditional players have mandates to pursue. TTAD provides the flexible source of capital that is well positioned to pursue these opportunities while benefiting from the thematic insight, sourcing capabilities and investment diligence of TPG’s substantial institutional resources.

#### ***Methods of Analysis and Investment Strategy – Private Equity (TPG Digital Media)***

TPG Digital Media is a TPG platform making acquisitions across several digital media sectors. TPG Digital Media has a long-term and control-oriented mandate and looks to take a “buy and build” approach with its assets. We typically begin with a foundational investment in a given vertical. As a holding company, our design facilitates ongoing investment behind that asset and its underlying thesis.

#### ***Methods of Analysis and Investment Strategy – Private Equity (Energy Solutions)***

TPG Energy Solutions (“TES”) is an oil and gas (“O&G”) focused fund which made investments in securities that provided downside protection and current yield along with the potential to participate in equity upside. TES made primarily structured investments, including corporate convertible preferred equity and asset-level preferred equity, with a focus on the U.S. midstream and upstream sectors.

### ***Methods of Analysis and Investment Strategy – Private Equity (Biotechnology)***

We are invested in early- and late-stage venture capital companies in the biotechnology and related life sciences industries, as well as having selective exposure to growth equity, later-stage buyout and structured finance pharma opportunities through co-investing with the broader TPG healthcare ecosystem focusing on those companies that specialize in therapeutics, healthcare services, medical technologies and emerging opportunities that may arise as a result of shifts in market trends.

### ***Methods of Analysis and Investment Strategy – Private Equity (Life Sciences)***

TPG Life Sciences Innovations is a life sciences-focused fund targeting venture capital and growth investments in companies in the therapeutics sector (including oncology, rare/orphan diseases, autoimmune and inflammatory diseases, ophthalmology, genetic medicines, cell therapies and novel chemistry platforms) and non-therapeutics sector (including tools, medical devices, and pharma services), as well as co-investing with the broader TPG healthcare ecosystem in relevant opportunities that fit the life sciences strategy.

### ***Methods of Analysis and Investment Strategy – Private Equity (TPG ART)***

TPG Alternative and Renewable Technologies, L.P. (“TPG ART”) is a growth and late-stage venture fund, focused on investing globally in companies focused on industrials, energy services and agriculture, where sustainability and efficiency can create meaningful business advantage.

Historically, much of the alternative and renewable technology investing has focused either on very early-stage venture-type technology investing or later-stage project finance, with less capital available to address deployment and “first build” risk. To date, much of the technology has originated in the United States or European Union and has targeted deployment within those regions, even though other regions, such as developing markets, might be more suitable for economic, geographic or regulatory reasons. TPG ART believes that this dynamic creates opportunities to identify good technologies and fund them through the company development lifecycle, help expand their geographic reach as well as to identify mid- to later-stage opportunities that have “stalled” prior to deployment.

### ***Methods of Analysis and Investment Strategy – Private Equity (Strategic Capital)***

TPG Strategic Capital Fund is a public governance-focused fund leveraging TPG’s experience across the public and private equity markets. The Fund targets opportunities in the public markets where TPG can combine its private equity sector expertise and public equity investing capabilities. The fund also seeks board seats in order to be a “constructive” shareholder to provide advice and resources on strategic issues.

### ***Methods of Analysis and Investment Strategy – TPG Real Estate Advisors***

We pursue two strategies within real estate: an opportunistic one and a core-plus one. Both strategies focus on control-oriented investing within highly thematic sectors and geographies of interest. In both risk-return profiles, we primarily pursue strategies focused on investments in



property-rich platforms and real estate portfolios. In the future, we may pursue other real estate-related strategies as well.

Through our theme-based approach and proactive sourcing of potential investment opportunities, we seek to capitalize on situations where we believe we can achieve attractive acquisition bases and drive value creation during our ownership. We seek investments with the following characteristics with a view to downside protection and upside potential:

- a research and data-driven approach to theme generation and investment sourcing, with the objective of executing on investment strategies around which we have developed conviction;
- execution of a primary strategy built around strategic real estate portfolio aggregations and property-rich platform investing; and
- a value-added ownership model whereby – in conjunction with management teams – we believe we can create value at the property, portfolio, and platform levels.

#### ***Methods of Analysis and Investment Strategies – Real Estate Credit***

We pursue an opportunistic credit strategy focused on real estate-related high yield senior and subordinate loans and securities. In the future, we may pursue other real estate-related credit strategies as well.

Through our theme-based approach and proactive sourcing of potential investment opportunities, we seek to capitalize on situations where we believe we can identify and underwrite attractive relative value.

#### ***Methods of Analysis and Investment Strategy – TPG GS Funds***

We primarily seek to pursue investments in stable private equity assets typically through continuation vehicles, funds or unaffiliated general partners that can take advantage of our worldwide network and integrated investment process. We seek to establish a comprehensive view of key investment issues, including operations, competitors and regulatory constraints, across geographies. Funds are integrated through a centralized investment review process, from sourcing through portfolio management. The TPG GS Funds will invest primarily in opportunities in North America and Europe.

In each Fund, we generally seek to pursue transactions where we have the ability to build deep knowledge of underlying assets and develop innovative solutions for private market investors through innovative opportunities in asset-, fund- and GP-level transactions.

We seek to identify operational enhancements during due diligence and to add value to Portfolio Investments following an acquisition. We utilize creative operational and financial strategies throughout the Portfolio Investments' evolution. We and our affiliates employ a group of operating professionals with significant career experience and deep sector expertise. We and our affiliates also employ a group of professionals with highly focused functional specializations.

We have a dedicated TPG operations team with the mission of driving shareholder value creation by engaging throughout the lifecycle of an investment, from the investment due diligence phase through exit. Following investment, the TPG operations team helps identify and execute on revenue growth, operational effectiveness and profit enhancement initiatives. The scope of this group's activities is summarized as follows:

- support the due diligence process by providing sector insights and expertise that informs transaction underwriting and identifying opportunities for operational improvement post-investment;
- support human capital initiatives by enhancing management teams and boards;
- drive the value creation planning process through active engagement with management teams;
- provide business performance oversight; and
- serve as interim executives, when necessary.

#### ***Methods of Analysis and Investment Strategy – TPG NEXT Funds***

The TPG NEXT Funds primarily seek to make investments in and associated with promising new and existing alternative asset management firms that are generally owned and/or controlled by chronically underrepresented groups. The TPG NEXT Funds primarily seek to fund underrepresented managers through direct equity investments; anchor limited partner primary commitments; investments alongside managers; and purchases of existing private assets.

#### ***Methods of Analysis and Investment Strategies – RE Finance Trust Management***

The commercial mortgage loans TRTX targets for origination or acquisition typically include, but are not limited to, the following characteristics:

- Unpaid principal balance greater than \$50 million;
- As-is loan-to-value (“LTV”) of less than 80% with respect to individual properties;
- Floating rate loans tied to the one-month U.S. dollar-denominated London Interbank Offered Rate (or “LIBOR”) or Secured Overnight Financing Rate (“SOFR”) and credit spreads of 300 to 600 basis points over the benchmark interest rate;
- Secured by properties that are:
  - primarily in the multifamily, life science, mixed use, hospitality, self storage and industrial sectors;
  - expected to reach stabilization within 24 months of the origination or acquisition date; and

- located in primary and select secondary markets in the United States that we believe have attractive economic conditions and commercial real estate fundamentals, such as growth in employment and household formation, medical infrastructure, universities and attractive cultural and lifestyle amenities; and
- Well-capitalized sponsors with substantial experience in particular real estate sectors and geographic markets.

We believe that TRTX's current investment strategy provides significant opportunities to its stockholders for attractive risk-adjusted returns over time through cash distributions and capital appreciation. However, to capitalize on the investment opportunities and returns at different points in the economic and real estate investment cycle, TRTX may modify or expand its investment strategy by targeting other assets with debt characteristics, such as subordinate mortgage loans, mezzanine loans, preferred equity, real estate securities and note financings. We may also target assets with equity-linked characteristics, or forms of direct equity ownership of commercial real estate properties, in either case subject to any duties to offer to other Global Vehicles. We believe that the flexibility of TRTX's investment strategy supported by our significant commercial real estate experience and the extensive resources of TPG and its real estate platform will allow TRTX to take advantage of changing market conditions to maximize risk-adjusted returns to its stockholders.

TRTX invests primarily in commercial mortgage loans and other commercial real estate-related debt instruments, including the following:

- ***Commercial Mortgage Loans.*** TRTX focuses on directly originating and selectively acquiring first mortgage loans. These loans are secured by a first mortgage lien on a commercial property, may vary in duration, predominantly bear interest at a floating rate, may provide for regularly scheduled principal amortization and typically require a balloon payment of principal at maturity. These investments may encompass a whole commercial mortgage loan or may include a *pari passu* participation within a commercial mortgage loan.
- ***Other Commercial Real Estate-Related Debt Instruments.*** From time to time TRTX opportunistically originates and selectively acquires other commercial real estate-related debt instruments, subject to maintaining its qualification as a REIT for U.S. federal income tax purposes and exclusion or exemption from regulation under the Investment Company Act, including subordinate mortgage interests, mezzanine loans, secured real estate securities, note financing, preferred equity and miscellaneous debt instruments. TRTX has invested in short-term, primarily investment grade commercial real estate collateralized loan obligations and commercial real estate mortgage-backed securities (which we refer to collectively as "CRE debt securities").

As market conditions evolve over time, we expect TRTX to adapt as appropriate. We believe TRTX's current investment strategy produces significant opportunities to make investments with attractive risk-return profiles. However, to capitalize on the investment opportunities that arise at various other points of an economic cycle, we may expand or change TRTX's investment strategy by targeting assets with debt characteristics, such as subordinate mortgage loans, mezzanine loans,

preferred equity, real estate securities and note financings. TRTX may also target assets with equity characteristics, or forms of direct equity ownership of commercial real estate properties, subject to any applicable duties to offer to Global Vehicles.

We believe that the diversification of TRTX's investment portfolio, TRTX's ability to actively manage those investments, and the flexibility of TRTX's strategy positions it to generate attractive returns for its stockholders in a variety of market conditions over the long term.

### ***Methods of Analysis and Investment Strategy – TPG PEP Advisors***

We employ a private equity like approach to public market investing, which means that our team takes a long-term, fundamentally oriented perspective to evaluating investments. We seek to generate superior risk-adjusted returns on an absolute basis through proprietary, deep, bottom-up research, aimed at developing variant perceptions relative to consensus thinking.

The TPEP Vehicles have a broad mandate to invest in publicly traded equities globally across all sectors and market capitalizations. This broad mandate enables us to take an opportunistic approach to investing. At the same time, our team seeks to maintain a disciplined research process and only invests when we are able to gain conviction in an investment and appropriately analyze the risk/reward.

On the long side of the portfolio, we seek to invest in businesses that are trading at a substantial discount to our estimate of intrinsic value. Long positions are generally evaluated based on a company's competitive positioning, management quality, growth prospects, returns on capital and cash flow characteristics. While the approach is flexible, the common thread among our long positions is a variant view versus consensus thinking. On the short side, our team seeks to profit from selling shares when it believes that trading values overestimate the true earnings power of the company. Short positions are expected to be largely single stock absolute return shorts and are evaluated on the same merits as long positions, but from the opposite perspective. Inept management teams, low barriers to entry, lack of pricing power, weak balance sheets, low or declining returns on capital and poor cash flow characteristics are all attributes of attractive shorts.

Risk management starts at the position level. Our focus, first and foremost, is on capital preservation and assessing the margin of safety in prospective investments. We view risk as potential for permanent impairment of capital and not the volatility of a security. We manage risk through extensive fundamental analysis and disciplined portfolio construction with a re-allocation of capital to the best risk/reward scenarios. We may selectively utilize hedging instruments such as foreign currency exchange contracts, options, index futures, swap agreements and commodity derivatives to manage risk.

### **Material Risks of Significant Investment Strategies**

The investment strategies described above, and other strategies that Global Vehicles (excluding, for purposes of this section, TPEP Vehicles and REITs) pursue, involve a substantial degree of risk, and the Global Vehicles may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Global Vehicle's Governing Documents and/or offering documents, and our representatives are available to discuss with potential investors the risks

involved in the strategies a Global Vehicle pursues. Such material risks include those set forth below.

While the following discusses the risks as they relate to the “Funds,” Co-Investment Vehicles will be subject to some or all of the following risks, depending on the risks associated with the applicable transaction or investment strategy. To the extent certain Co-Investment Vehicles pursue investments or strategies that are not pursued by the Funds, such Co-Investment Vehicles will likely be subject to additional risks, as described in their respective offering documents.

*Market Conditions and Financial Market Fluctuations.* Market and economic conditions throughout the world will materially affect a Fund’s investments. These conditions include but are not limited to:

- interest rates;
- availability and terms of credit;
- credit defaults;
- inflation rates;
- economic uncertainty;
- changes in laws (including laws relating to taxation of a Fund’s investments);
- regulatory interventions and changes in regulations;
- changes in fiscal and monetary policies;
- trade barriers;
- commodity prices;
- currency exchange rates and controls; and
- national and international political, environmental and socioeconomic circumstances, including the risks of war and the effects of terrorist attacks.

Our view on these matters may prove to be incorrect, in which case a Fund’s investments may perform worse than anticipated. Difficult market conditions also adversely affect a Fund and its returns by reducing the value or performance of its investments or by reducing its ability to raise or deploy capital. Investments made by the Funds involve a high degree of business and financial risk that can result in substantial losses. Investors should not invest unless they can readily bear the consequences of partial or total loss of capital.

*Risks of Pandemics.* The spread of infectious disease, together with any resulting travel restrictions or quarantines, could have a significant negative impact on the economy and the Funds and their Portfolio Investments’ business activities. In turn, this would adversely affect the Funds’

performance. Examples include the outbreaks of Severe Acute Respiratory Syndrome in Asia in 2003, avian influenza, or “bird flu,” in Asia in 2004 and 2005 and Influenza A more recently. There can be no assurance that any precautionary measures taken against infectious disease would be effective.

Most recently, the novel coronavirus (“COVID-19”) began spreading globally in early 2020. The global outbreak of COVID-19 and the measures governmental agencies and the private sector have taken to contain it, including business closures, limitations on public gatherings, travel restrictions and quarantines, have significantly disrupted the global economy and caused severe market dislocation and volatility. While we cannot accurately forecast COVID-19’s ultimate impact at this time, we expect it will have a profound and lasting effect on the Funds and their Portfolio Investments and our ability to manage the Funds’ portfolios and pursue Fund investments. In addition, COVID-19 and corresponding containment efforts will impair, potentially for an extended period of time, our ability to monitor and manage Portfolio Investments as well as source investments to execute the Funds’ investment strategies. COVID-19 and corresponding containment efforts may also lead to increased demands on the products and services of Portfolio Investments and disruption or failures in the network infrastructure of Portfolio Investments and third-party services Portfolio Investments receive, including from supply chain disruptions.

In addition, the rapid and broad-based shift to a remote working environment creates inherent productivity, connectivity and oversight challenges. Governmental restrictions have been globally inconsistent, and it is not clear when a return to worksite locations or travel will be fully permitted or what restrictions will be in place in those environments. In response to the spread of COVID-19, many businesses, including TPG, have encouraged or mandated that their personnel work from home in an effort to help slow the spread of the pandemic, and such circumstances are expected to persist for a significant period of time. To the extent our 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, our business will be more vulnerable to cybersecurity incidents and cyberattacks, and other weaknesses in our operational and control environment, and could have more difficulty resuming normal operations in the event it is the target of such incident or attack, or otherwise suffers a breakdown of operations or control. See “*Cybersecurity Risk*” for additional discussion of cybersecurity. In addition, the extent and/or duration of ongoing workforce restrictions and limitations could impact the ability of a Portfolio Investment to enhance, develop and support existing products and services. Given the extraordinary nature of COVID-19 and its inherent unpredictability, it may take years to understand the full scope of its ramifications. Future outbreaks of infectious disease or any other serious public health concern could have a similar material adverse impact on the Funds and their Portfolio Investments.

*Changes in the Political Environment of the United Kingdom and Europe.* The United Kingdom left the European Union on January 31, 2020 (commonly referred to as “Brexit”). During an 11-month transition period, the United Kingdom and the European Union agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the European Union and the United Kingdom from January 1, 2021. The Trade and Cooperation Agreement does not provide the United Kingdom with the same level of rights or access to all goods and services in the European Union as the United Kingdom previously maintained as a member of the European Union and during the transition period. In particular the

Trade and Cooperation Agreement does not include an agreement on financial services, which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the United Kingdom and the European Union.

From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Funds and their investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Funds.

*Trade Policy.* Political leaders in the United States and certain European nations have in the past been elected on protectionist platforms, fueling doubts about the future of global free trade. For example, the U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with non-U.S. countries. In addition, the U.S. government has recently imposed tariffs on certain non-U.S. goods, including steel and aluminum and has indicated a willingness to impose tariffs on imports of other products. Some non-U.S. governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Governments of other countries have introduced, or may in the future introduce, protectionist and other similar trade policies that could adversely affect free trade. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any resulting future downturns in the global economy, could adversely affect the financial performance of the Funds and their investments.

Recently, there have been a number of developments and events that have increased tensions between the U.S. and China, including in respect of trade policies, technology transfers, human rights, the status of Taiwan, sanctions and countersanctions and the handling of the COVID-19 outbreak. Any future actions by the U.S. or China arising from or contributing to the further deterioration of relations between the U.S. and China could result in significant disruption in regional and global markets and could have material adverse consequences on the investments of the Funds, including on borrowers or issuers in respect of the Funds' Portfolio Investments that could be affected or targeted by any sanctions or other regulatory actions. In addition, these policies are likely to change as a result of political developments in the United States and China,

as well as globally. Further, trade disputes may develop between other countries, which may have similar or more pronounced risks and consequences for the Funds or their investments.

*Eurozone Risks.* Certain Funds expect to invest from time to time in companies that have operations affected by the Eurozone economy. In 2010 and 2011, concerns emerged over potential default of certain European Union member states and the stability of the Eurozone as a whole. Actions taken by European leaders and the European Central Bank served to mitigate these risks, but these concerns could re-emerge which would likely have an adverse impact on the European and global economy and, consequently, on the Funds.

Consumer, corporate and financial confidence could be adversely affected by current or future tensions around the world (see “*Russian Invasion of Ukraine*”), fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic disturbance or unrest. Such uncertainty could have an adverse effect upon the Funds’ portfolio companies and Portfolio Investments.

*LIBOR and Other “IBOR” Rates.* LIBOR, the London Inter Bank Offered Rate, is an estimate of the interest rates to borrow U.S. dollars, sterling, euros and certain other currencies in the London unsecured interbank market, and has been widely used as a reference for setting the interest rate on loans, bonds, and derivatives globally. The United Kingdom’s Financial Conduct Authority (“FCA”), which regulates LIBOR, announced its intention to phase out the creation of LIBOR estimates by the end of 2021, including transitioning to alternative reference rates. However, in March 2021, ICE Benchmark Administration Limited, the LIBOR administrator, announced that it will cease the publication of all British pound, euro, Swiss franc and Japanese yen LIBOR settings and cease the publication of the one-week and two-month U.S. dollar (“USD”) LIBOR settings immediately following the LIBOR publication on December 31, 2021 and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. Concurrently, the FCA confirmed that all LIBOR setting will either cease to be provided by any administrator or no longer be representative after such dates with respect to such LIBOR settings.

The U.S. Federal Reserve (the “Federal Reserve”), in conjunction with the Alternative Reference Rates Committee, is also recommending replacing U.S. dollar LIBOR with a new reference rate derived from short-term repurchase agreements backed by Treasury securities, the Secured Overnight Financing Rate (“SOFR”). However, certain market constituencies have criticized SOFR’s suitability as a LIBOR replacement, and the extent of SOFR-based instruments issued or trading in the market remains a fraction of LIBOR-based instruments. As such, there remains uncertainty regarding the future utilization of LIBOR and other “IBORS,” and the nature of any replacement rates.

Certain Funds’ investments may have interest rates with a LIBOR reference. As a result, the transition away from LIBOR could adversely impact the Funds. Even if replacement conventions (e.g., SOFR) are adopted in the lending and bond markets, it is uncertain whether they might affect the Funds as investors in floating-rate instruments, including by: (a) affecting liquidity of the Funds’ investments in the secondary market and their market value; (b) reducing the interest rate earned by the Funds as holders of such investments (either generally or in certain market cycles) due to the use of a collateralized, overnight rate and credit spread adjustments instead of an



unsecured, term rate; or (c) causing the Funds or a Portfolio Investment to incur expenses to manage the transition away from LIBOR. Also, while it is common for recently issued instruments to contemplate a scenario where LIBOR is no longer available by providing for an alternative rate setting methodology and mechanisms to amend the applicable reference rate, there are significant uncertainties regarding the effectiveness of any such alternative methodologies. As such, the Funds or a Portfolio Investment may need to renegotiate the terms of credit agreements with certain issuers of investments that utilize LIBOR in order to replace it with the new standard convention that is established, which could result in increased costs for the Funds.

The Funds and the Funds' investments may also enter into swaps and similar instruments that reference LIBOR, including swaps used to manage long-term interest rate risk related to assets and/or liabilities. In addition to the Funds or a Portfolio Investment potentially needing to renegotiate some of those instruments to address a transition away from LIBOR, there also may be different conventions that arise in different but related market segments, which could result in mismatches between different assets and liabilities and, in turn, cause possible unexpected gains and/or losses for the Funds directly or such Portfolio Investment (and in which case, in turn, the Funds). In addition and as further described above, some of the standard conventions under consideration, including SOFR, are conceptually different than LIBOR, in that they are overnight, secured rates instead of unsecured, term rates, which could behave differently from LIBOR in ways that cause the Funds or a Portfolio Investment to owe greater payments or receive less payments under its derivatives, at least during certain market cycles. Some of these replacement rates may also be subject to compounding or similar adjustments that cause the amount of any payment referencing a replacement rate not to be determined until the end of the relevant calculation period, rather than at the beginning, which could lead to administrative challenges for the Funds or such Portfolio Investment (in which case, in turn, the Funds).

Furthermore, even though the terms of the Funds' credit facilities may provide for mechanics to amend the credit facilities in order to reflect a replacement rate in the event of a transition away from LIBOR, the determination of such replacement rate may require further negotiation, including between the general partner and the applicable lender. There can be no assurance that an agreement between the parties will be reached, and the terms of the Funds' credit facilities may also provide that, during any applicable transition period, the amounts drawn under the Funds' credit facilities may bear interest at a higher rate. In addition, even if an agreement is reached with respect to a replacement rate for LIBOR, the applicable lender may have the ability to make certain changes to the terms of a Fund's credit facility to implement the new rate, which the Fund may have no control over.

Finally, on October 23, 2020, the International Swap and Derivatives Association ("ISDA") launched (i) Supplement number 70 to the 2006 ISDA Definitions ("IBOR Supplement") and (ii) the ISDA 2020 IBOR Fallbacks Protocol ("IBOR Protocol"). The IBOR Supplement is intended to enhance the robustness of derivatives contracts traded on or after January 25, 2021 by addressing the risk that some IBORs are permanently discontinued or, in the case of LIBOR, cease to be representative, by applying fallbacks to specified alternative references rates upon such a trigger. The IBOR Protocol permits adhering parties to amend in-scope transactions entered into prior to January 25, 2021 on similar terms. These documents are a critical element to industry efforts to facilitate the derivatives markets' transition away from LIBOR and other IBORs.

If the transition from LIBOR results in an overall increase to borrowing costs, higher interest expense could negatively affect the financial results and valuations of a Fund's Portfolio Investments. Transition to a new reference rate also requires an upgrade to the software and systems that our third-party vendors use to properly record and process loans and other instruments based on the new rate. Such upgrade may not become available in time or its implementation could be delayed because of the uncertainty regarding the transition from LIBOR. Any failure to timely implement the necessary software or systems upgrade could negatively impact our business operation. There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases or volatility in risk-free benchmark rates or borrowing costs to borrowers, any of which could have a material adverse effect on our results of operations, financial condition and cash flow.

*Competition for Investments.* We expect to compete for investment opportunities with individuals, funds and other investment vehicles having similar investment objectives or strategies. Potential competitors include other investment funds (including other Global Vehicles), business development companies, publicly traded or non-listed REITs, real estate operating companies, financial institutions (such as mortgage banks and pension funds), sovereign wealth funds, strategic industry acquirers, special purpose acquisition companies, and other financial investors investing directly or through affiliates. Certain of these individuals or entities possess competitive advantages over a Fund, including:

- greater financial, technical, marketing and other resources;
- higher risk tolerances;
- different risk assessments;
- lower return thresholds;
- lower cost of capital;
- access to funding sources unavailable to a Fund; and
- an ability to achieve synergistic cost savings in respect of an investment.

In addition, many private investment funds, real estate investment funds and publicly traded and non-listed REITs have been formed over the past several years, and others have been consolidated or grown substantially in size, for the purpose of investing in real estate assets. These funds are able to call substantial amounts of unused capital commitments, resulting in a significant amount of capital available for investment in such opportunities. Additionally, the "cost of capital" of such funds and other vehicles could be lower (in some cases materially) than a Fund's, allowing such funds and other vehicles to make more attractive bids in a competitive process. Other unrelated parties will likely form in the future additional real estate funds and publicly traded and non-listed REITs with similar investment objectives, and we expect further consolidations to occur, resulting in larger funds and vehicles and further increased competition for the Funds.

The Funds will face significant competition from other developers, owners, and operators of similar properties in the same markets and asset classes. This competition could affect a Portfolio Investment's ability to attract and retain tenants and/or reduce the rents such Portfolio Investment is able to charge. Additionally, when a Fund seeks to sell its properties, it will compete with other owners of commercial properties.

*Risks Associated with Publicly Traded Securities; Illiquidity.* From time to time Funds invest in publicly traded securities and hold publicly traded securities following a partial exit from an investment. When investing in publicly traded securities, a Fund may be unable to obtain financial covenants or other contractual rights, including management rights, that it might otherwise be able to obtain in making privately negotiated investments. Moreover, a Fund may not have the same access to information in connection with investments in publicly traded securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. Furthermore, a Fund would be limited in its ability to make investments, and to sell existing investments, in publicly traded securities if we have material, non-public information regarding the issuers of those securities or as a result of other internal policies. The inability to acquire or sell publicly traded securities in these circumstances could materially adversely affect the investment results of a Fund. In addition, a Fund may sell a Portfolio Investment to a public company where the consideration received consists (at least in part) of stock of the public company, which may be subject to lock-up periods. Investments in securities of publicly traded companies may be sensitive to movements in the stock market and trends in the overall economy. In addition, the Funds may hold a significant portion of the publicly traded securities and there is no guarantee that the Funds will be able to dispose of such securities at the price and at the time such Fund wishes to do so. Moreover, the ability of Portfolio Investments to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

*Risks Associated with Structured Securities.* The Funds' portfolios may include investments in structured securities, which may take the form of complex convertible instruments that pay a fixed income stream and offer a liquidity preference prior to conversion. Investing in structured securities entails various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks, basis risks and legal risks. Structured securities are subject to the significant credit risks inherent in the underlying collateral and to the risk that the underlying company may fail to perform. Such securities may include credit enhancements or other upside protections designed to raise the overall credit quality of the security above that of the underlying collateral, but these credit enhancements or upside protections may fail to protect from a loss of capital.

We expect that some structured securities the Funds may hold may be subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same Portfolio Investment. In addition, many of the related transactions have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the underlying company exceeds certain levels. Consequently, such securities have a higher risk of loss as a result of delinquencies or losses relating to the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates. Additionally, as a result of cash flow being diverted to payments of principal of more senior classes, the average life of such securities may lengthen.

Structured securities are also subject to the risks of the securities underlying the structured opportunity, in particular those related to the quality of the underlying securities. Deficiencies in company management or company operations may negatively affect the value of the underlying securities, including by resulting in lower-than-expected returns or the inability of the company to effectively pursue a public exit strategy.

*Non-Controlling Interests; Reliance on Managers and Company Management.* Certain Funds will have limited opportunities to control the day-to-day operation of their Portfolio Investments, including investment and disposition decisions, or to protect their positions in such Portfolio Investments, nor will they generally have the right to remove the managers thereof. The success of the Funds will be substantially dependent upon the capabilities and performance of the Managers who control those Portfolio Investments and the company management of the underlying portfolio companies, which will include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. Although investors (such as the Funds) in Manager-led and other structured secondary transactions typically retain enhanced governance and other rights (and may participate in the initial structuring and customizing of portfolios of a Portfolio Investment), once such a transaction is complete, the Managers will generally have broad discretion in structuring, negotiating, purchasing, financing, monitoring and eventually divesting the underlying assets and Portfolio Investments. Further, should a Manager for any reason cease to participate in the management of the underlying assets and/or Portfolio Investments, the performance of the relevant Portfolio Investment (and consequently the Funds) could be adversely affected.

Although we will attempt to evaluate each Portfolio Investment based on criteria such as the performance history of the Portfolio Investment, the underlying portfolio companies and the Manager as well as the Portfolio Investment's investment strategies, the past performance of any Portfolio Investment or Manager may not be a reliable indicator of future results. Moreover, the Funds will typically not have the opportunity to evaluate future investments (if any) to be made by a Portfolio Investment and, generally, will have limited or, in some circumstances, no ability to dispose of a Fund's investment in a Portfolio Investment, either in the manner or at the time we prefer, if we are dissatisfied with such Portfolio Investment's performance. Accordingly, the returns of the Funds will be largely dependent upon the performance of the Managers and could be substantially adversely affected by any unfavorable performance.

Certain Funds invest in or otherwise hold an interest in Managers. Among the factors that we will typically consider in selecting such Managers for investment is a record of strong financial performance. However, the past performance of any such Manager is not necessarily indicative of its future performance. There is no assurance that such Manager will achieve similar revenues or profits in the future. While it is expected that we will periodically meet with the management of Managers in which the Funds invest and that the Funds may negotiate contractual terms requiring such Managers to periodically provide the Funds with certain information, the Funds generally will not have the opportunity to evaluate the specific strategies employed by the Managers and their funds and the Funds will not have an active role in the day-to-day management of the Managers.

With respect to the TPG NEXT Funds, investors are dependent upon our judgment and ability to source and consummate investments in appropriate Managers and subsequently on those Managers

in conducting their underlying operations and investment activities, including sourcing transactions and investing and managing their capital in which the TPG NEXT Funds will have an indirect interest through its minority or other ownership of such Managers. The TPG NEXT Funds' investments will be structured on terms negotiated by us in our sole and absolute discretion. Subjective decisions made by us may cause the TPG NEXT Funds and/or influence such Portfolio Investments (and therefore indirectly the TPG NEXT Funds to the extent of its interests therein) to incur losses, miss profitable investment opportunities or otherwise not maximize risk-adjusted returns. The success of the TPG NEXT Funds is dependent on a variety of factors, including the expertise of our investment professionals.

*Effect of Multiple Levels of Fees and Expenses on Returns.* The TPG NEXT Funds will bear their direct expenses and management costs, as well as their pro rata share of certain expenses and management costs incurred directly or indirectly by certain Portfolio Investments in which they invests. The Funds are expected to bear fees and expenses of private fund Portfolio Investments that are similar to those of the Fund. Portfolio Investments that are themselves investment funds or other managed vehicles impose performance-based allocations or fees, management fees and other expenses. Such fees and expenses are in addition to those of the Funds. This will result in more expenses being borne by investors than if investors were able to invest directly in the underlying assets of such Portfolio Investments. In addition, there will be organizational and operating expenses associated with Managers that Funds will bear a portion of. These various levels of costs and expenses will be charged whether or not the performance of a Fund generates positive returns for investors. As a result, a Fund, and indirectly investors in a Fund, will bear multiple levels of expenses, which in the aggregate will exceed the expenses which would typically be incurred by an investment in a single fund investment, and which will reduce a Fund's profits. In addition, because of fees and expenses payable by the Funds, returns to investors will be lower than the returns to a direct investor in the underlying Managers and their Portfolio Investments. Such fees and expenses are expected to materially reduce the actual returns to investors, although the impact of such fees and expenses on investment returns may be reduced by time and dollar discounts. Fees and expenses of the Funds (including advisory fees) and Portfolio Investments that are underlying investment funds or other managed vehicles will generally be paid regardless of whether the Funds or the relevant Portfolio Investments produce positive investment returns.

*In-Kind Distributions.* The Funds may make distributions in cash, in-kind or in a combination thereof. During the term of the Funds, in-kind distributions to investors may generally only take the form of marketable securities (as described in the Governing Documents) subject to certain exceptions. Following the expiration of a Fund's term, in-kind distributions may also take the form of securities or assets that are not easily disposable, including but not limited to interests in underlying illiquid investments, special purpose vehicles, or liquidating trusts. The risk of loss and delay in liquidating in-kind distributions will be borne by investors, with the result that such investors may ultimately receive less cash than was reflected in the fair value of such assets as determined pursuant to the Governing Documents and may be required to hold the asset distributed in-kind for an indefinite amount of time. The general partner's carried interest will be determined based on the valuation procedures described in the Governing Documents, regardless of the ultimate amount of cash received by the investors upon a sale or other liquidation of the asset distributed in-kind. We and our affiliates may also take actions with respect to such securities (including the exercise of voting or other rights in connection therewith) that are different than the actions taken by investors. The general partners, and their affiliates or their direct or indirect

owners could ultimately receive a return on their share of an investment distributed to them in-kind that is higher than the return achieved by the investors with respect to their share of such investment and is higher than the amount they would have received (including with respect to both their carried interest and their capital interest) had they taken their distribution in cash. In connection with in-kind distributions of marketable securities, if we agreed to use our good faith efforts to assist such investor in administering a sale on behalf of such investor of the marketable securities that would otherwise be distributed to such investor in-kind. The distribution will still be made in accordance with the valuation provisions set forth in the Governing Documents and the investor will bear the full risk of loss or delay in connection with any such disposition, and the net proceeds received by the investor from such sale may differ significantly from (a) the net proceeds ultimately obtained from a sale by the general partner or any investor that received such distribution in-kind or (b) the value assigned to such assets for purposes of determination of the general partner's carried interest. Furthermore, in circumstances where we are assisting an investor in administering a sale, it will likely be the case that the general partner and its affiliates also received an in-kind distribution with respect to carried interest or other amounts distributable to the general partner or its affiliates with respect to the investment. The general partner, its affiliates or their direct or indirect owners may dispose of their securities at a different time than the disposition in respect of the investors that they are assisting in administering a sale, and may ultimately receive more proceeds than the investors we are assisting.

The Funds' Portfolio Investments similarly may make in-kind distributions and therefore the Funds will be subject to the same or similar risks as those described above with respect to investors.

*Unspecified Investments; Lack of Sufficient Investment Opportunities.* An investor must rely on our ability to make investments consistent with a Fund's investment objectives and policies. A Fund may be unable to find a sufficient number of attractive opportunities to invest its committed capital or meet its investment objectives. Further, we cannot assure that what we perceive as an attractive investment opportunity will not, in fact, result in substantial losses due to one or more of a wide variety of factors. Even if a Fund is never fully invested, investors will be required to pay advisory fees for an extended period of time based in part on the entire amount of their respective commitments.

*Potential Lack of Diversification.* While diversification is generally a Fund objective, there is no assurance as to the degree of diversification that a Fund will actually achieve. Because a substantial portion of certain Funds' committed capital could be invested in a single Portfolio Investment, a loss with respect to any single Portfolio Investment could have a significant adverse effect on a Fund's returns. Co-Investment Vehicles formed for the purpose of pursuing a particular investment strategy or a particular transaction will be particularly exposed to the legal and financial risks associated with that strategy or transaction, as applicable, and generally will not be able to achieve a level of diversification comparable to the Funds. Even if a Fund achieves significant diversification, such diversification would not necessarily provide meaningful risk control, and may reduce a Fund's profit potential.

Furthermore, if a Fund co-invests with other investment funds, an investor who is also an investor in any such other investment fund may have exposure to a Portfolio Investment (in the form of equity and/or debt securities or loans) through more than one fund. Therefore, an investor should

only invest in a Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment.

Certain Funds will partner with and invest in Managers and/or in Portfolio Investments or other managed vehicles where the investors in such Portfolio Investments or vehicles may roll-over and, therefore, an investor who is also an investor in any such underlying fund or vehicle may have exposure to a Portfolio Investment or underlying portfolio company through more than one fund. Therefore, an investor should only invest in a Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment.

Due to their long-term nature, private funds are exposed to market cycles that can result in final returns that vary substantially over vintage years. Additionally, fundraising by Managers and volume of investment activity frequently follow countercyclical patterns, which could impede proper diversification over time. There can be no assurance that we will adequately diversify the Funds over vintage years. As a result, the investment portfolio of the Funds could become overly concentrated in one or more vintage years, which could adversely affect performance

*Reliance on Our Professionals.* The success of a Fund will depend in large part upon the skill and expertise of our professionals. Our professionals and affiliates intend to devote sufficient time to the Funds so that the Funds can carry out their proposed activities. However, investors should be aware that certain of the professionals and affiliates have significant other responsibilities. The Funds' investments are expected to differ from previous investments made by the key persons in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested with a particular Manager, Portfolio Investment or in a particular portfolio company, types of portfolio companies within a particular industry sector, amount of leverage used, structure and holding period. We cannot assure that any individual professional will continue to be associated with a Fund or that replacements will perform well and, in the event of the departure of any or all of such persons, investors will nevertheless be required to continue to fund certain capital contributions. Our ability to recruit, retain and motivate qualified investment professionals is dependent in part on our ability to offer attractive incentive opportunities. There is competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment professionals. Should any of our professionals join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of a Fund, its performance could be adversely affected. Tax reform enacted in 2017 in the United States increased the holding period required in order for professionals to treat carried interest as long term capital gain and additional changes may currently be under discussion in the U.S. Congress that could further increase such required holding period, which may increase the amount of taxes such professionals would be required to pay with respect to their carried interest. It is possible that additional legislation could be proposed in the United States that would tax carried interest as ordinary income rather than as capital gain. If such legislation were to be enacted to treat carried interest as ordinary income rather than as capital gain, the amount of taxes that our professionals would be required to pay with respect to their carried interest would materially increase, thereby adversely affecting our ability to offer attractive incentive opportunities.

*Reliance on Third Parties.* Our investment strategies in certain investments depend on our ability to enter into relationships with established and sophisticated joint venture partners or other third

parties. For example, Funds generally expect to invest through partnerships, joint ventures or other entities alongside one or more third parties as a co-venturer, which may include the seller of a property, a person involved in the selling or acquisition of a property, a limited partner in a Fund (or other vehicle that we control) or other third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that:

- a Fund and a co-venturer may reach an impasse on a major decision that requires the approval of both parties;
- a co-venturer may at any time have economic or business interests or goals that are inconsistent with those of a Fund;
- a co-venturer may encounter liquidity or insolvency issues or may become bankrupt;
- a co-venturer may be in a position to take action contrary to a Fund's investment objective;
- a co-venturer may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or
- in certain circumstances a Fund may be liable for actions of a co-venturer.

To the extent that a co-venturer is able to significantly influence the affairs of the companies or assets in which a Fund invests, such Fund will be required to rely upon the abilities and management expertise of such co-venturer.

There can be no assurance that our current relationship with any such person will continue with respect to a particular Fund or that we will establish in the future any relationship with other such persons on terms favorable to a Fund.

*Reliance on the Management of Portfolio Investments.* Although we intend to ensure that a Fund enters into joint ventures with skilled partners and invests in Portfolio Investments that have strong management teams and/or to assist in enhancing management teams, there can be no assurance that any joint venture partner, existing management team, successor or other third party will be able to operate successfully. With respect to emerging platforms, we may have limited ability to evaluate their management based on past performance, and such platforms may rely more on individual members of the management team than more established companies do. In addition, instances of fraud, other deceptive practices and/or other misconduct committed by joint venture partners, management teams of Portfolio Investments or other third parties upon which we rely may undermine our due diligence efforts with respect to such investments or otherwise adversely affect the operations of a Portfolio Investment. If such fraud, other deceptive practices and/or other misconduct is discovered, it could adversely affect the valuation of a Fund's investments and may contribute to overall market volatility that can negatively impact a Fund's investment portfolio.

Furthermore, Portfolio Investments need to attract, retain, and develop executives and members of their management teams. There can be no assurance that Portfolio Investments will be able to do so, in which case a Fund would likely be adversely affected.



*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by our employees, Portfolio Investment officers or employees, service providers to the foregoing and/or their respective affiliates could cause significant losses to a Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Fund. We have controls and procedures through which we seek to minimize the risk of such misconduct occurring. However, no assurances can be given that we will be able to identify or prevent such misconduct.

*Extensive Government Regulation.* The extensive government regulation of certain industries in which certain Funds invest creates additional uncertainty and risks for the Funds. Certain investments may require regulatory approval to consummate (for example, antitrust-related approval), and the failure to obtain such approvals may prevent the Funds from consummating the applicable investments. Obtaining regulatory approval is often a lengthy and expensive process with an uncertain outcome. Portfolio Investments may be unable to obtain necessary regulatory approvals on a timely basis, if at all, which could materially and adversely affect their performance.

*Antitrust Risk.* The Funds and their Portfolio Investments will be subject to antitrust and competition rules that apply in the United States and the countries or regions where they do business, and there has been increased scrutiny from antitrust regulators around the world. The application of those rules and the increased scrutiny by authorities could result in sanctions, fines or penalties, including civil damage actions, or delays or other difficulties in consummating the Funds' investments or divestments. This could also negatively affect our brand and reputation and could be distracting to management. In some cases, private equity sponsors could be held jointly and severally liable for any sanctions or penalties imposed on current or former Portfolio Investments for breach of antitrust rules or regulations. This has become particularly true in Europe. Also, there have been governmental investigations and lawsuits alleging that certain club deals or consortium bids constituted an illegal attempt to collude and drive down the price on acquisitions. There can be no assurances that we, the Funds, the general partners, or the Portfolio Investments will not be subject to litigation or investigations involving consortium bids or allegations of other anticompetitive activity.

*Tax Uncertainty.* The Funds may invest in jurisdictions in which the tax treatment of the Funds and the taxation of their activities or income are uncertain. Similarly, tax authorities may change (including retroactively) their interpretations or enforcement approach to the applicable tax rules.

Depending on the interpretation or enforcement of the relevant tax rules by a tax authority or a counterparty, an investor may be required to provide more information to a Fund or a tax authority than was originally required or to file a tax return with the authority. In addition, if a tax authority prevails in a reassessment, a Fund may need to take reserves or require investors to return some of the proceeds received from prior distributions to satisfy these reassessments.

Furthermore, in recognition of certain tax practices determined to be harmful, including base erosion and profit shifting (“BEPS”), and to mitigate the effect of these practices and of BEPS globally, there is an ongoing project spearheaded by the G-20 countries and the Organization for Economic Co-operation and Development (“OECD”) to refocus the taxation of profits so that they coincide with the substantial activities producing them and to improve transparency among nations globally with respect to information related to taxes. A set of recommendations (referred to as the BEPS reports) was released in 2015 by the OECD and the OECD has since continued to evaluate BEPS and related tax practices globally. Ultimately, any recommendations or lists published would have to be implemented through domestic legislation, via bilateral tax treaties or via multilateral instrument, but several jurisdictions have implemented legislation to adopt some of these recommendations. Furthermore, as a result of this effort, a number of other jurisdictions are in the process of amending their regimes.

In addition, similar types of measures not formally connected through the BEPS reports may also be introduced at the level of individual countries or through multilateral groups. For example, Tax Reform enacted in 2017 in the United States included rules similar to some of the recommendations of the BEPS reports (e.g., instituting certain proposals to limit base erosion). Similarly, the EU Council approved Directive 2017/952/EU (“ATAD II”), which includes rules similar to some of the recommendations of the BEPS reports (e.g., denying various deductions and benefits in the case of certain hybrid instruments or arrangements), and Directive 2011/16/EU, as amended by Council Directive (EU) 2018/822 of 25 May 2018 (“DAC6”) (establishing a mandatory disclosure regime which imposes mandatory reporting of certain cross-border arrangements, intended to place controls on, and enhance reporting in respect of, such arrangements). The application of these regimes to assets held by a Fund will depend on the specific facts and circumstances and available guidance (and interpretations thereof). It is possible that further legislation at the individual country level or through multilateral groups will be enacted.

In the United States, a “Global Minimum Tax” is currently under discussion, with over one hundred nations agreeing in principle to the framework outlined by the Biden administration. This is part of the larger package of the Biden administration’s proposed tax reforms, including increasing the rate applicable to global intangible low-taxed income and introducing a possible new tax aimed at reducing the incentive to shift profits to low-tax jurisdictions. Both the OECD and United States initiatives were put forward in July 2021 and 136 countries announced in October 2021 that they reached a high-level agreement on certain key components of the OECD’s two-pillar initiative. If such reforms are enacted, it could significantly affect a Fund’s operations, including the tax regimes and ultimate tax rates that a Fund is subject to. Prospective investors should consult their tax advisors regarding the impact of any such reforms on their investment in the Funds.

Finally, several bodies (including the OECD and the EU Economic and Financial Affairs Council) have established working groups to monitor tax practices globally and identify non-cooperative jurisdictions or harmful tax practices (e.g., by facilitating offshore structures that would attract profits away from the location of the real economic activity). In some cases, certain countries may be put on “grey” or “black” lists. The implications for the Funds or their investors of a country being put on such lists depend on the specific laws of the jurisdictions in which the Fund or AIVs,

intermediary holding vehicles, or Portfolio Investments are organized as well as the laws to which an investor is subject.

The details and scope of any operative rules described in this section (including when and whether issued) are therefore unclear, but it is possible that they may increase the amount of taxes borne by investors including by denying the availability of treaty benefits for the Funds and/or their investors or by increasing taxes payable by or with respect to Portfolio Investments. In addition, any such rules may significantly impact the tax liability incurred by a Fund and any special purpose vehicles through which a Fund invests, or may require additional information reporting. We may cause a Fund and possibly special purpose vehicles to restructure in order to comply with (or mitigate the application of) any such rules, but no assurances can be provided that such efforts will be successful.

*Increased Regulatory Oversight.* The financial services industry generally, and the activities of private investment funds and their managers, in particular, have in recent years been subject to intense and increasing regulatory oversight. Such scrutiny may increase the Funds', the general partners' and our exposure to potential liabilities and to legal, compliance and other related costs. As a result of such oversight, we anticipate that, in the normal course of business, our officers will have contact with governmental authorities and/or need to respond to inquiries or examinations and/or implement new, or enhance existing, policies and procedures. We would also expect the Funds to be subject to regulatory inquiries concerning their securities positions and trading.

The implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Pursuant to the Dodd-Frank Act, the SEC adopted rules that require reporting by registered investment advisers to private funds, which have added costs to our legal, operations and compliance obligations, and those of the Funds and their general partners, and have increased the amount of time that we spend on non-investment-related activities.

The Dodd-Frank Act and other regulatory reform initiatives affect a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, broker-dealers, futures commission merchants and swap dealers. It is difficult to predict future changes to the regulatory obligations of these market participants and the Funds, their general partners and us, and such continued uncertainty may increase volatility, making it increasingly difficult for us to execute the Funds' investment strategy.

The SEC has indicated an intention to change numerous regulations that affect the business of the Funds. In particular, the SEC has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers, and we expect the SEC to propose additional changes in the future. We would expect these changes to materially impact us, the Funds and/or their investments. For example, complying with new regulations would require significant time, expense and other resources.

In addition, on August 25, 2015, the U.S. Treasury Department's Financial Crimes Enforcement Network released a notice of proposed rulemaking that would impose anti-money laundering

compliance obligations on registered investment advisers. If finalized, these rules (or other rules that may be proposed in the future) may further increase our compliance obligations and related costs, require us to obtain certain information or representations from investors and increase the amount of time we spend on non-investment-related activities.

AIFMD, related national implementing legislation and interpretive rules could increase the operating expenses of and otherwise adversely affect the Funds. AIFMD will apply to the management companies to the extent investor interests are marketed (within the meaning of the AIFMD as implemented in the relevant member states of the EEA and in the UK) to investors domiciled, resident or with a registered office in the EEA or the UK (“EEA and UK Investors”). Currently, we are not, and are not able to become, authorized under the AIFMD. However, our marketing of investor interests to EEA and UK Investors who are professional investors (within the meaning of the AIFMD) may lead to the application of certain AIFMD registration and transparency requirements, as well as any additional requirements imposed by private placement regimes (“PPRs”) of individual member states of the EEA or of the UK. The conditions applicable to marketing in the EEA and the UK under PPRs described above may limit the Funds’ ability to attract EEA and UK investors, which may result in a reduction in the overall amount of capital that a Fund is able to raise, and thus affect the Funds’ investment strategy or limit the range of investments that the Funds are able to pursue and make. In addition, compliance with the AIFMD and PPRs would result in the Funds incurring additional costs and expenses and making certain disclosures, and may otherwise adversely affect the management of the Funds and their investments.

There remains some uncertainty as to the manner in and extent to which the various EEA member states or the UK interpret the AIFMD. This uncertainty increases the risk that a Fund’s general partner will fail to comply with the requirements imposed by the AIFMD in a particular EEA member state or the UK. A Fund’s general partner’s failure to comply may result in a regulatory authority or court in that or another EEA member state or the UK requiring the general partner to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against a Fund, its general partner, or us.

*Monetary Policy and Governmental Intervention.* As part of the response to the global financial crisis that began in 2008, governmental actions were taken to stabilize markets and to encourage economic growth. The Federal Reserve and global central banks, including the European Central Bank, have, in addition to other governmental actions to stabilize markets and to encourage economic growth, acted to hold interest rates to historic lows.

In particular, with respect to Federal Reserve actions, beginning in 2013, the Federal Reserve began tapering down its “quantitative easing” program of purchasing long-term securities. The quantitative easing program was originally designed to keep U.S. long-term interest rates at low levels in the wake of the 2008 financial crisis. In 2015, the Federal Reserve began a series of increases to the federal funds rate that continued through 2018. In July 2019, the Federal Reserve lowered the federal funds rate for the first time since 2008 and then subsequently lowered the federal funds rate further. However, since March 2022, the Federal Reserve has instituted a series of increases to the federal funds rate, resulting in the rise of interest rates across the U.S. financial system.

In September 2017, the Federal Reserve also announced it would reduce its holdings of mortgaged-back securities gradually over time, which process may also result in an overall higher-interest environment for long-term securities. It is possible that, if interest rates were to rise substantially and the U.S. economy were to begin to deteriorate, the Federal Reserve could decide to reinstate its asset purchase program or institute other measures designed to further reduce interest rates. These measures could lead to a flattening in the yield curve, increased prepayment rates (resulting from lower long-term interest rates), and a narrowing of the net interest margin. The Federal Reserve initiated a new round of large-scale purchases of securities as a result of the COVID-19 outbreak. However, in September 2021 the Federal Reserve indicated that it would likely begin reducing its monthly bond purchases, and such reduction in monthly bond purchases began in late 2021 as an effort by the Federal Reserve to unwind its balance sheet.

It cannot be predicted with certainty when, or how, these policies will further change, but actions by the Federal Reserve and other central bankers may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of the Funds' investments. Further financial crises may result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants that may result from changes in the U.S. government and policies are difficult to predict or measure with certainty.

*Political/Sovereign Risk.* With respect to any emerging market country, there is a heightened risk of nationalization, expropriation or confiscatory taxation, political changes, government regulation, economic or social instability or diplomatic developments (including war) which could affect adversely the economies of such countries and the value of the Funds' investments in those countries. In addition, the inter-relatedness of the economies in emerging market countries has deepened over the years, with the effect that economic difficulties in one country often spread throughout the region. No assurance can be given that the Funds' investments will not be adversely affected by circumstances in countries outside of where investments are located.

*Restrictions on Foreign Investment.* Foreign investment in the securities of issuers operating in non-U.S. countries is restricted or controlled to varying degrees. These restrictions or controls could at times limit or preclude foreign investment in certain issuers and increase the costs and expenses of the Funds. Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit investment by foreign persons to a specific class of securities of a company that could have less advantageous terms than the classes available for purchase by nationals. Certain countries restrict investment opportunities in issuers or industries deemed important to national interests. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is deterioration in a country's balance of payments or for other reasons, a country could impose temporary restrictions on foreign capital remittances abroad. Non-convertibility of certain currencies could introduce an additional degree of uncertainty to determining values of investments held by the Funds. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Funds of restrictions on investments or by the required use of financing and structuring alternatives that differ significantly from those customarily used in more developed countries in order to account for the foregoing.

*Governmental Licenses.* Portfolio Investments in non-U.S. countries could be dependent upon the grant, renewal or continuance in force of appropriate contracts, licenses, permits and regulatory approvals and consents which might be valid only for a defined time period, might be subject to limitations and might provide for withdrawal in certain circumstances. There can be no assurance that such contracts, licenses, permits and regulatory approvals and consents would be granted, renewed or continue in force, or if so, on what terms. Additionally, governments and other regulators might impose conditions on the operations and activities of a Portfolio Investment as a condition of granting its approval or to satisfy regulatory requirements. Such conditions, which could be statutory or commercial in nature, could limit a Portfolio Investment's ability to invest in competing industries or acquire significant market power in a particular market, or provide a disincentive to do so. Further, a governmental agency might impose conditions of ongoing ownership or equivalent requirements on a Portfolio Investment in respect of underlying projects. This could include a requirement that certain assets remain managed by a Portfolio Investment, the Funds or their affiliates. Such conditions could be susceptible to revision or cancellation and legal redress could be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

*Investments through Offshore Holding Companies.* The Funds could invest in Portfolio Investments operating in a non-U.S. country indirectly through holding companies organized outside of such target country. Government regulation in the target country could, however, restrict the ability of the Portfolio Investments to pay dividends or make other payments to a foreign holding company. Additionally, any transfer of funds from a holding company to its operating subsidiary, either as a shareholder loan or as an increase in equity capital, could be subject to registration or approval with or by government authorities in the target countries. Such restrictions could materially and adversely limit the ability of any holding company in which the Funds invest to grow, make investments or acquisitions that could be beneficial to its businesses, pay dividends, or otherwise fund and conduct its business.

*Tax and Regulatory Risk.* Investment by private equity and other investment firms in certain countries has attracted, and may continue to attract, scrutiny by tax and other regulatory authorities in such countries. Although TPG will continue to use reputable legal and tax advisors in connection with the investment activities of the Funds, there can be no assurance that such authorities will not audit, investigate or otherwise inquire as to the Funds' investment activities or that such authorities will not impose fines or penalties in connection therewith.

*Inflation.* Many world governments, as well as inter-governmental institutions, have in recent years undertaken and in some cases may still be undertaking various and in some case unprecedented forms of fiscal stimulus, including setting interest rates that were (and had been for extended periods) at historic lows. It cannot be predicted with certainty when, or how, these policies will change, but actions by the U.S. Federal Reserve and other central bankers may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of the Funds' investments. As of the date hereof, interest rates have increased significantly in the United States and other developed countries, which have experienced

significant levels of inflation that have not been seen in several decades, and the inflation trend is expected to continue at least in the near and medium-term, and possibly the long term. Inflation and rapid fluctuations in inflation rates have recently had, and may continue to have, negative effects on the economies and financial markets (including securities markets) of various countries, including those with emerging economies. In an attempt to stabilize inflation, certain countries have imposed wage and price controls at times and certain central banks have raised interest rates. Governmental efforts to curb inflation often have negative effects on the level of economic activity. It remains uncertain whether substantial inflation in the U.S. and other developed economies will be sustained over an extended period of time or have a significant effect on the U.S. or other economies. In addition, there is significant concern in macroeconomic terms about the general levels of indebtedness carried by certain governments. While bringing with it a range of issues, one of the consequences of an extended period of a higher than desired level of inflation is often to erode in real terms the value of government debt in a manner that reduces the economic cost in real terms of their payment obligations on such debt. This element of debt erosion may create an incentive for governments to be less robust in seeking to deal with inflation than might otherwise have been the case had the government concerned not suffered from a high level of indebtedness. If such inflation occurs it would have the negative consequences for the Funds set out above.

Further financial crises may result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

*Financial Institution Risk; Distress Events.* An investment in the Funds is subject to the risk that one or more banks, brokers, hedging counterparties, lenders, custodians or other companies in the financial services industry (each, a “Financial Institution”) used by the Funds or a Portfolio Investment fail to timely perform their obligations or experience insolvency, closure, illiquidity, 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”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. 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, and 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 total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties during Distress Events such as providing access to uninsured deposits in a timely manner and chartering bridge banks for banks experiencing a Distress Event to continue performing under prior obligations (including credit agreements and letters of credit), there can be no assurance that any intervention will occur in a future Distress Event or that any intervention undertaken will be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event (or concerns among market participants of such a Distress Event) may lead to market-wide liquidity problems that could adversely affect the general partner's ability to manage the Funds and their investments, and on the ability of the general partner, the Funds and any Portfolio Investment to access cash and cash equivalents in amounts adequate to finance and maintain their operations, which in each case could result in significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund 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 a Fund to access capital contributions or otherwise); the inability of a Fund to acquire or dispose of investments, or acquire or dispose of such investments at prices that the general partner believes reflect the fair value of such investments; and the inability of Portfolio Investments to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that a Fund or a Portfolio Investment will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). Although the general partner expects to exercise contractual remedies under 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 Funds and their Portfolio Investments are subject to similar risks if a Financial Institution utilized by investors in the Funds or by suppliers, vendors, service providers or other counterparties of the Funds or a Portfolio Investment becomes subject to a Distress Event, which could have a material adverse effect on the Funds. In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult to acquire financing on acceptable terms or at all. Any decline in available funding or access to cash and liquidity resources could adversely impact the Funds and their investments.

Many Financial Institutions require, as a condition to using their services (including lending services), that the general partner and/or a Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the general partners seeks to do business with Financial Institutions that they believe are creditworthy and capable of fulfilling their respective obligations to the Funds, the general partners are under no obligation to use a minimum number of Financial Institutions with respect to the Funds or to maintain account balances at or below the relevant insured amounts.

*Interdependence of Securities Markets.* The market and the economy of a particular country in which the Funds invest are influenced to varying degrees by economic and market conditions in other countries in the region. Investors' reactions to developments in one country can have adverse effects on the securities of companies and the value of property and related assets in other countries in which the Funds invest. Economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could result in problems in one country adversely affecting regional and even global economic conditions and markets. A significant adverse change in the economy of one country, or a loss of investor confidence in the financial



systems of emerging and other markets generally, could cause increased volatility in the economies and financial markets of such country and countries throughout the region and, as a result, have an adverse effect on the investments of the Funds. No assurance can be given that the Funds' investment will not be adversely affected by effects in countries outside of where investments are located. Prospective investors should note that the actual market conditions, outlook and opportunities (and returns on investments) in any single country may vary significantly from the descriptions contained herein regarding market conditions, outlook and opportunities (and returns on investments) generally.

The economic performance of the Funds' Portfolio Investments could be adversely affected by any global economic downturn and by any worsening of the economic conditions in global economies.

*Investments in Early-Stage and Late-Stage Companies.* Certain Funds invest in companies that are in a conceptual or early stage of development. These companies are often characterized by short operating histories, new technologies and products, quickly evolving markets and management teams that may have limited experience working together, all of which enhance the difficulty of evaluating these investment opportunities. The management of these companies will need to implement and maintain successful marketing, finance and other operational strategies in order to become and remain successful. Other substantial operational risks to which these companies are subject include uncertain market acceptance of the company's products or services, a high degree of regulatory risk for new or untried and/or untested business models, products and services, high levels of competition among similarly situated companies, lower capitalizations and fewer financial resources and the potential for rapid organizational or strategic change. Any investments in early-stage companies are considered highly speculative and may result in the loss of the Fund's entire investment.

Certain Funds also invest in later-stage companies, which involve different types of risks. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets; these activities by definition involve a significant amount of change and could cause significant issues in sales, manufacturing and general management.

*Nature of Societal Impact Investments.* The focus of certain Funds on positive societal impact investments subjects them to a variety of risks, not all of which can be foreseen or quantified. When evaluating potential investment opportunities for these Funds, in addition to financial return, we will look at an investment's potential to achieve a positive societal impact. As a result, the opportunity set for potential investments will necessarily be smaller than it would otherwise be if we were seeking to make investments solely on the basis of financial returns, and we may forgo opportunities for these Funds that are attractive from a financial perspective if they do not also meet the Funds' societal impact criteria. In addition, although we believe that pursuing positive societal impact does not have to negatively affect an investment's financial returns, and it can even enhance a Portfolio Investment's profitability, it is possible that a company's dual focus on financial returns and positive societal impact may from time to time require it to make decisions that favor one goal at the expense of the other.

Any determination about whether or not a potential investment is expected to produce a positive societal impact will be made in our sole discretion. Although we will be advised by experts and will engage third parties to develop and implement impact assessment methodologies, the determination about what constitutes a positive societal impact is inherently subjective, and what we consider to be societally beneficial may not necessarily reflect the views of all of the relevant Funds' investors. In addition, it is possible that the companies in which we invest are unable to obtain or realize the positive societal impact that they seek to deliver.

*Additional Capital Requirements of Portfolio Investments.* Certain of a Fund's Portfolio Investments, especially those in a development phase, require additional financing to satisfy their working capital requirements or acquisition strategies. Following the initial investment in a Portfolio Investment, a Fund may be called upon to provide additional capital to, or have the opportunity to increase its investment in, a Portfolio Investment. Although a Fund may make a follow-on investment, there is no assurance that the Fund and its co-investors (if any) will provide all necessary follow-on capital. The amount of additional financing a Portfolio Investment requires will depend upon the maturity and objectives of the particular Portfolio Investment. Each round of financing (whether from the Fund or other investors) is typically intended to provide a Portfolio Investment with enough capital to reach the next major corporate milestone, and the amount of such additional funding will depend upon the maturity and objectives of the Portfolio Investment. If the funds provided are not sufficient, a Portfolio Investment may have to raise additional capital at a price unfavorable to the existing investors, including the Fund. A Fund also may make additional debt and equity investments or exercise warrants, options or convertible securities it acquired in the initial investment in a Portfolio Investment in order to preserve the Fund's proportionate ownership when a subsequent financing is planned, or to protect the Fund's investment when the Portfolio Investment's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of a Fund or any Portfolio Investment. There can be no assurance that we or the Portfolio Investment will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

*Investments in Junior Securities.* The Funds often invest in companies that have already received one or more rounds of financing. The securities in which a Fund will invest in these instances may be among the most junior in a Portfolio Investment's capital structure and thus subject the Fund to a greater risk of losing all or part of its invested capital. There will often be no collateral to protect a Fund's investment in such securities once made.

*Uncertainty Regarding Investments.* Although we dedicate substantial time and resources to conduct appropriate due diligence prior to making an investment, the due diligence process is subjective at times and may be undertaken on an expedited basis and/or on the basis of imperfect information in order to take advantage of available investment opportunities. The due diligence process also at times requires the Funds to rely on the limited resources available to them, including information provided by the target of the investment and third-party consultants, legal advisors, accountants and investment banks. As a result, the due diligence investigation may not reveal or highlight all relevant facts that are necessary or helpful in evaluating an investment opportunity. The Funds' due diligence investigations cannot ensure the success of their investments.

*Interest Rate Risks.* We expect the Funds, both directly and indirectly through Portfolio Investments, to have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect a Fund. Over any defined period of time, the Funds' interest-bearing assets may be more sensitive to changes in market interest rates than the Fund's interest-earning liabilities. For example, an increase in interest rates could increase the debt service burden on a Fund's Portfolio Investments, make it more costly to refinance the debt of a Fund's Portfolio Investments and cause a decrease in value in a Fund's debt investments. Factors that affect market interest rates include without limitation:

- inflation;
- slow or stagnant economic growth or recession;
- unemployment;
- money supply and the monetary policies of the Board of Governors of the U.S. Federal Reserve System, the European Central Bank and other monetary system participants;
- the actions of other market participants;
- international disorders; and
- instability in domestic and non-U.S. financial markets.

We expect to periodically experience imbalances in the interest rate sensitivities of a Fund's assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, we may not be able to manage this risk effectively. Failure to manage interest rate risk effectively could adversely affect the Fund's performance.

*Dependence on Patents, Trademarks and Other Intellectual Property.* Certain Fund investments will depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a Portfolio Investment to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a Portfolio Investment's particular product.

*Investments in Restructurings.* Certain Funds may invest in restructurings involving Portfolio Investments that are experiencing or are expected to experience financial difficulties. These Portfolio Investments may never overcome these financial difficulties and may become subject to bankruptcy proceedings. Investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences and lender liability and by a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that have the potential to exceed the value of its original investments. For example, under certain circumstances, a lender who has inappropriately

exercised control over the management and policies of a debtor will have its claims subordinated or disallowed or found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, a bankruptcy court could reclaim a payment to the Funds or the Funds' distributions to investors if the court determines that the payment or distribution is a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy or insolvency laws.

*Investments in Underlying Funds.* Certain Funds were formed to provide equity investors with the opportunity to indirectly invest across private equity funds and vehicles managed, advised or sponsored by us on a levered basis, including Global Vehicles (each such fund or vehicle in which a Fund invests, an "Underlying Fund"). The fees and expenses associated with investing in such a Fund will be incremental to the Underlying Fund fees and expenses associated with a direct investment in the Underlying Fund (which are typically paid to us or our affiliates). Additionally, the interests of the Fund, as an investor in an Underlying Fund, may conflict with the interests of the Underlying Fund or us or our affiliates in our capacity as service providers to the Underlying Fund, which would create a conflict of interest for us.

The general partner of an Underlying Fund will often enter into side letters or other similar agreements with certain investors in an Underlying Fund in connection with their admission to the Underlying Fund without the approval of any other investor in such Underlying Fund, which would have the effect of establishing rights under or altering or supplementing the terms of the governing document of such Underlying Fund with respect to such investors in a manner more favorable to such investors than those applicable to other investors. Such side agreements may permit such investors to take actions on the basis of information not available to other investors that do not have the benefit of such agreements. Any rights or terms so established in a side letter with an investor will govern solely with respect to such investor and will not require the approval of any other investor. A Fund making an investment in an Underlying Fund will be under no obligation to seek a side letter in respect of any Underlying Fund in which it invests, and, therefore, an investor in such Fund will not receive the benefit of side letter provisions that other investors in such Underlying Fund receive or that such investor may have otherwise received in connection with a direct investment in such Underlying Fund.

*Debt Securities and Private Debt Instruments.* Certain Funds may invest in debt securities and private debt instruments of unrated or non-investment grade companies. Investments in debt are subject to the ability of the issuer or the borrower to meet principal and interest payments on the obligation and may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer or the borrower and the general market conditions. Such risks are greater for investments in non-investment grade, non-rated or lower credit quality debt than for investments in higher rated debt. There are generally no restrictions on the credit quality of the investments of the Funds. In addition, private debt instruments have significant liquidity risks and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors.

There may be limitations on the ability of a Fund to directly enforce its rights with respect to these types of investments, and a Fund may, in addition to assuming the credit risk of the borrower, assume the credit risk associated with the lender or an interposed financial intermediary. Investments in debt may also expose the Funds to unfavorable outcomes in the event of a

bankruptcy proceeding. Successful claims by third parties arising from these and other risks will be borne by the Funds.

*Convertible Securities.* Certain Funds may invest in convertible securities. Convertible securities include bonds, debentures, notes, preferred stock or other securities that may be converted into or exchanged for a specified amount of equity securities of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged.

The investment value of a convertible security is subject to, among others, credit risk, the risk of shifts in the market price of the underlying securities and changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. For instance, adverse or unexpected shifts in interest rates, particularly near the time when a Fund aims to exit any investment in convertible securities, may affect the value of the Fund's investments. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying equity securities. To the extent the value of the underlying equity securities approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying equity securities while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. The value of the underlying security may be volatile and may be impacted by a variety of business, industry, economic, legal and other factors.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Issuers may have an incentive to call convertible securities for redemption when conditions are not advantageous to a Fund, including when the value of the underlying securities is relatively low.

*Default of Borrowers.* Loans that the Funds may make are subject to credit, liquidity and interest rate risk. In the event of any default on the Funds' investments in debt obligations by a borrower, the Funds will bear a risk of loss of principal and accrued interest on the debt obligation, which could have a material adverse effect on the Funds' investment and results of operations. Credit risks associated with the investments include (among others): (i) the possibility that earnings of a borrower may be insufficient to meet its debt service obligations; (ii) a borrower's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of a borrower during periods of rising interest rates and economic downturn.

A defaulted investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted investment, and significant costs might be incurred by the Funds. In addition, the liquidity in defaulted loans

may also be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon, which would adversely affect the value of the Funds' investment portfolio.

*Borrower Fraud.* Of paramount concern in originating or holding loans is the possibility of material misrepresentation or omission on the part of borrowers. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loan or may adversely affect the ability of a Fund to perfect or effectuate a lien on the collateral securing the loan. The Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness.

*Non-U.S. Investments.* The Funds will likely make investments outside of the United States, including in certain developing non-U.S. markets. Investments in the securities of non-U.S. issuers may be restricted or controlled to varying degrees. These investments require consideration of risks typically not associated with investing in U.S. securities or property, including, among other things:

- trade balances and imbalances and related economic policies;
- potential price volatility in, and relative illiquidity of, some non-U.S. securities markets;
- unfavorable currency exchange rate fluctuations;
- imposition of exchange control regulation by the U.S. or non-U.S. governments;
- U.S., non-U.S. or other withholding taxes;
- limitations on the removal of funds or other assets;
- policies of governments with respect to possible nationalization of their industries; and political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in non-U.S. nations; and
- differing and potentially less well developed or well tested corporate and intellectual property laws, including those regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties, investor protections and intellectual property owner protections.

Laws and regulations of non-U.S. countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. There is generally less publicly available information about non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies are not subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Some countries require governmental approval prior to investments by non-U.S. persons, limit the amount of investment by non-U.S. persons in a particular company or restrict investment by non-U.S. persons to a specific class of securities of a company that have less advantageous terms than

the classes available for purchase by nationals. Certain countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by non-U.S. investors. Delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as the application to the Fund of restrictions on investments, could adversely affect a Fund. In addition, because a Fund's investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in those currencies.

In addition, a Fund may invest a substantial portion of its assets in real-estate related investments outside of the United States, including in certain developing non-U.S. markets. Non-U.S. real estate-related investments require consideration of risks typically not associated with investing in real estate-related investments in the United States, including risks relating to:

- currency exchange matters, including
  - fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which a Fund's non-U.S. Portfolio Investments are denominated, and
  - costs associated with conversion of investment principal and income from one currency into another and/or the repatriation of capital from such jurisdictions;
- inflation matters, including rapid fluctuations in inflation rates;
- differences between U.S. and non-U.S. real estate markets, including potential price volatility in, and relative illiquidity of, some non-U.S. real estate markets;
- the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and differences in government supervision and regulation;
- certain economic, social and political risks, including
  - potential exchange-control regulations,
  - potential restrictions on non-U.S. investment and repatriation of capital,
  - the risks associated with political, economic or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation, or the imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, and
  - adverse economic and political developments;
- the possible imposition of non-U.S. taxes on income and gains and gross sales or other proceeds recognized with respect to such Portfolio Investments;

- less developed corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties, the protection of investors and the protection of property owners;
- differences in the legal and regulatory environment or enhanced legal and regulatory compliance;
- political hostility to investments by non-U.S. or private equity investors;
- less publicly available information; and

differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters. In addition, investments located in non-U.S. jurisdictions that are involved in restructurings, bankruptcy proceedings and/or reorganizations generally are not subject to laws and regulations similar to the U.S. Bankruptcy Code and the rights of creditors afforded in U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide a Fund with equivalent rights and privileges necessary to promote and protect the Fund's interest in any such proceeding, Portfolio Investments would be adversely affected. We will analyze risks in the applicable non-U.S. countries before making such investments, but there can be no assurance that adverse developments with respect to these risks will not adversely affect the assets of a Fund that are held in certain countries.

*Investments in Developing or Emerging Market Countries.* Certain Funds make investments in developing or emerging market countries, which could be more volatile and the costs and risks associated with investments in them are generally higher than for investments in other countries. Investments in developing or emerging market countries may be subject to more substantial risks in political and macro-economic conditions, such as significant currency fluctuations, interest rate volatility, stock market volatility, changes in governmental controls over the economy and high rates of inflation and risks associated with limited liquidity, high concentration of investors, issuers and financial intermediaries in such markets, political affairs, judicial independence, corporate governance, political corruption, changes in rules and regulations and interpretation of them, any of which could contribute to a decline in business and consumer spending in addition to other adverse market conditions. Many developing or emerging market countries have experienced these problems in the past. We cannot assure that a recurrence of such problems will not have a material adverse effect on the Funds' investments or make it more difficult for the Funds to identify appropriate investment opportunities. Moreover, the economies of developing or emerging market countries generally are more heavily dependent upon international trade than developed market countries and, accordingly, have been, and could continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect the assets of the Funds held in particular developing or emerging market countries. Laws and legal standards in many developing market countries differ from those in the United States. The general trend of legislation in certain countries has improved the legal climate for business, including by enhancing somewhat the protection afforded foreign investment. This positive trend in economic legislation, however, may slow, cease or reverse, particularly in the event of a change in leadership, social disruption, or other circumstances. In



addition, many developing market countries do not have well-developed shareholder rights and provide inadequate legal remedies for breaches of contract (e.g., a shareholder agreement). The Funds' ability to bring suit against a developing market entity in which the Funds invest, or such entity's directors, executive officers or shareholders, may be limited. Such entities are likely organized under the laws of countries other than the United States, their directors and officers likely reside outside of the United States, and substantially all of their assets may be located outside of the United States. As a result, the Funds will likely be unable to effect service of process within the United States upon such entities or their directors and officers. Even where an entity is successfully sued in the United States, enforcement of the judgment in certain jurisdictions may be difficult or impossible. Limited or inadequate legal protection could have a material adverse effect on a Fund's investments.

*Investments in the Healthcare Sector.* Certain Funds intend to make investments in the healthcare sector. Investing in healthcare companies involves substantial risks. Each of these risks could have a material adverse effect on the investments of the Funds, and we describe some of these risks in greater detail below.

Companies in which a Fund invests or the significant customers or counterparties of such companies may only have one product under development. There can be no assurance that the product will be approved for marketing by the U.S. Food and Drug Administration (the "FDA") or any non-U.S. regulatory agency. Further, competition to the product may develop from other new and existing products. In either case, if a company is dependent on that one product, the consequences of such failure could be devastating to the prospects of such company, which in turn could negatively affect the performance of a Fund.

Healthcare policy and changes in healthcare policy and related laws and regulations could have a material and adverse impact on the healthcare companies in which a Fund intends to invest, and the U.S. or non-U.S. government's role in the healthcare industry could adversely impact the Fund's performance.

Obtaining governmental approval for new products from governmental agencies can be lengthy, expensive and uncertain. In some cases, products of healthcare companies, which may include Portfolio Investments of a Fund or the customers or counterparties of such companies, are approved by regulatory authorities on a conditional basis with full approval conditioned upon fulfilling the requirements of regulators. Regulatory authorities are placing greater focus on monitoring products originally approved on a conditional basis and on whether the sponsors of such products have met the conditions of the conditional approval. If a Portfolio Investment or one of its significant customers or counterparties is unable to fulfill the conditions of its products' conditional approval, it may not receive full approval for these products and may be required to change the products' labeled indications or withdraw the products from the market, which could have an adverse effect on the value of the Portfolio Investment. Moreover, even after approval, products may still be the subject of regulatory action if new facts concerning their safety and efficacy come to light. Healthcare regulation is subject to change and can have a considerable impact on the marketing of products and services by companies in which a Fund intends to invest or the customers or counterparties of such companies. Such regulatory changes could affect the ability of a Portfolio Investment or one of its significant customers or counterparties' ability to obtain or maintain approval of its products, even forcing such companies to withdraw their

products from the market. In some cases, new regulations can substantially change the marketing conditions for certain healthcare products, such as pharmaceuticals. Decisions by regulatory authorities regarding labeling, ingredients and other matters could adversely affect the availability or commercial potential of products. Accordingly, investments made in reliance on an existing market structure could prove to be not cost effective or worthless, and existing market positions could be endangered.

In addition, in both U.S. and non-U.S. markets, sales of healthcare products and their success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers and other organizations. The continuing efforts of governmental and third-party payors to contain or reduce the costs of healthcare affects the revenues and profitability of healthcare companies. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. In the United States, some states have implemented, and other states are considering, pharmaceutical price controls or patient access constraints under their Medicaid programs. There have also been recent state legislative efforts that have generally focused on increasing transparency around drug costs or limiting drug prices. There can be no assurance that a Portfolio Investment's proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development. Moreover, if reimbursement rates are reduced, or if healthcare providers anticipate reimbursement being reduced, providers may narrow the circumstances in which they prescribe or administer the products of a Portfolio Investment or its customers or counterparties, which could reduce the use or sales of such products and thereby have a material adverse effect on the value of the Portfolio Investment.

Many healthcare companies are subject to rigorous regulation in their operations. Compliance with these regulations can be costly. Even when healthcare companies develop and institute comprehensive compliance programs, they are not able to guarantee that they, their employees, their consultants and their contractors will be in compliance with all potentially applicable regulations. If a Portfolio Investment or one of its significant customers or counterparties fails to comply with applicable regulations, that company could be subject to civil or criminal liability, monetary and administrative penalties, increased compliance costs or a curtailment of its authority to conduct business, any of which could have a material adverse effect on the value of the Portfolio Investment. Additionally, certain healthcare companies have unionized work forces or employees who are covered by a collective bargaining agreement, which could subject any such entity's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a Portfolio Investment's operations and profitability could suffer if it or its service providers experiences labor relations problems or difficulties in the process of renegotiating collective bargaining agreements.

Certain healthcare products are manufactured in facilities that require approval of and ongoing regulation by the FDA in the United States and by other foreign regulatory agencies if manufactured outside of the United States. The production of such products may be interrupted or stopped if operational standards set by such agencies are not adhered to. In addition, manufacturers may rely on a small number of key, highly specialized suppliers, manufacturers and packagers. Any interruptions, however minimal, in the operation of these manufacturing and packaging facilities could have a material adverse effect on production and product sales.

Many healthcare companies depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a Portfolio Investment to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a particular product of a Portfolio Investment or one of its significant customers or counterparties. In addition, if a Portfolio Investment or one of its significant customers or counterparties infringes on third-party patents or other proprietary rights, it could be prevented from using certain third-party technologies or forced to acquire licenses in order to obtain access to such technologies. In such a case, the company might not be able to obtain all licenses required for the success of its business, which could have a material adverse effect on the value of a Portfolio Investment. Moreover, if the patents and other proprietary rights of a Portfolio Investment or any of its significant customers or counterparties are infringed by third parties, then it may not be able to take full advantage of existing demand for its products. The products of pharmaceutical companies are often protected for a certain period by various patents or regulatory forms of exclusivity, and the loss of market exclusivity following the expiration of such a period can open the products to competition from generic substitutes that are typically priced significantly lower than the original products, which can have an adverse effect on the value of the product and the company. In particular, generic substitutes have high market shares in the United States, and accordingly the adverse effects of the launch of generic products are particularly significant in the United States.

*Investments in the Life Sciences Sector.* Certain Funds may make investments in the life sciences sector. Investing in life sciences companies involves substantial risks. Each of these risks could have a material adverse effect on the investments of a Fund, and we describe some of these risks in greater detail below.

Companies in which a Fund invests or the significant customers or counterparties of such companies may only have one product under development. There can be no assurance that the product will be approved for marketing by the FDA or any foreign regulatory agency. Further, competition to the product may develop from other new and existing products. In either case, if a company is dependent on that one product, the consequences of such failure could be devastating to the prospects of such company, which in turn could negatively affect the performance of a Fund.

Life sciences policy and changes in life sciences policy and related laws and regulations could have a material and adverse impact on the life sciences companies in which a Fund intends to invest, and the U.S. or non-U.S. government's role in the life sciences industry could adversely impact the Fund's performance.

Obtaining governmental approval for new products from governmental agencies can be lengthy, expensive and uncertain. In some cases, products of life sciences companies, which may include Portfolio Investments of a Fund or the customers or counterparties of such companies, are approved by regulatory authorities on a conditional basis with full approval conditioned upon fulfilling the requirements of regulators. Regulatory authorities are placing greater focus on monitoring products originally approved on a conditional basis and on whether the sponsors of such products have met the conditions of the conditional approval. If a Portfolio Investment or one

of its significant customers or counterparties is unable to fulfill the conditions of its products' conditional approval, it may not receive full approval for these products and may be required to change the products' labeled indications or withdraw the products from the market, which could have an adverse effect on the value of the Portfolio Investment. Moreover, even after approval, products may still be the subject of regulatory action if new facts concerning their safety and efficacy come to light. Life sciences regulation is subject to change and can have a considerable impact on the marketing of products and services by companies in which a Fund intends to invest or the customers or counterparties of such companies. Such regulatory changes could affect the ability of a Portfolio Investment or one of its significant customers or counterparties' ability to obtain or maintain approval of its products, even forcing such companies to withdraw their products from the market. In some cases, new regulations can substantially change the marketing conditions for certain life sciences products, such as pharmaceuticals. Decisions by regulatory authorities regarding labeling, ingredients and other matters could adversely affect the availability or commercial potential of products. Accordingly, investments made in reliance on an existing market structure could prove to be not cost effective or worthless, and existing market positions could be endangered.

Many life sciences companies are subject to rigorous regulation in their operations. Compliance with these regulations can be costly. Even when life sciences companies develop and institute comprehensive compliance programs, they are not able to guarantee that they, their employees, their consultants and their contractors will be in compliance with all potentially applicable regulations. If a Portfolio Investment or one of its significant customers or counterparties fails to comply with applicable regulations, that company could be subject to civil or criminal liability, monetary and administrative penalties, increased compliance costs or a curtailment of its authority to conduct business, any of which could have a material adverse effect on the value of the Portfolio Investment.

Certain life sciences products are manufactured in facilities that require approval of and ongoing regulation by the FDA in the United States and by other foreign regulatory agencies if manufactured outside of the United States. The production of such products may be interrupted or stopped if operational standards set by such agencies are not adhered to. In addition, manufacturers may rely on a small number of key, highly specialized suppliers, manufacturers and packagers. Any interruptions, however minimal, in the operation of these manufacturing and packaging facilities could have a material adverse effect on production and product sales.

Life sciences companies may also be subject to governmental laws and regulations requiring the testing of product candidates on animals before initiating clinical trials involving humans, as well as laws and regulations related to experimental animal testing and laboratory procedures. A Fund and its investments may be subject to legal, financial and reputational risk from life science companies' use of animal testing and proper handling of animal test subjects, which have been the subject of controversy and adverse publicity. This also exposes life sciences companies to a high level of product liability risk relating to their testing and sales of products or services. Claims of impropriety can result in delay of clinical trials, reduction in sales, litigation costs, fines or other settlement amounts, and costs related to consulting engagements seeking to address such claims.

Many life sciences companies depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other

intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a Portfolio Investment to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a particular product of a Portfolio Investment or one of its significant customers or counterparties. In addition, if a Portfolio Investment or one of its significant customers or counterparties infringes on third-party patents or other proprietary rights, it could be prevented from using certain third-party technologies or forced to acquire licenses in order to obtain access to such technologies. In such a case, the company might not be able to obtain all licenses required for the success of its business, which could have a material adverse effect on the value of a Portfolio Investment. Moreover, if the patents and other proprietary rights of a Portfolio Investment or any of its significant customers or counterparties are infringed by third parties, then it may not be able to take full advantage of existing demand for its products. The products of pharmaceutical companies are often protected for a certain period by various patents or regulatory forms of exclusivity, and the loss of market exclusivity following the expiration of such a period can open the products to competition from generic substitutes that are typically priced significantly lower than the original products, which can have an adverse effect on the value of the product and the company. In particular, generic substitutes have high market shares in the United States, and accordingly the adverse effects of the launch of generic products are particularly significant in the United States.

While therapeutics, pre-approval royalty and other life sciences growth investments offer the opportunity for significant gains, such investments also involve a high degree of risk that can result in substantial losses. For example, investing in early-stage medical services companies involves substantial risks, including, but not limited to, the following: limited or no operating histories and limited experience instituting compliance policies; change in government policies and governmental investigations; potential litigation alleging negligence, products liability torts, breaches of warranty; disappointing results from preclinical testing; indications of safety concerns; insufficient clinical trial data to support the safety or efficacy of the product candidate; inability to manufacture sufficient quantities of the product candidate for development or commercialization in a timely or cost-effective manner; substantial commercial risk; and any discovery of previously unknown problems with the product or the manufacturer that may result in restrictions or recalls. Many of these companies will operate at a loss, or with substantial variations in operating results from period to period. In addition, many of these companies will need substantial additional capital to support additional research and development activities. Such companies may face intense competition in the life sciences industry from pharmaceutical companies with greater financial resources, more extensive research and development capabilities and a larger number of qualified managerial and technical personnel. In addition, investments that focus on advancing a single asset through one or more clinical trials or regulatory approvals is somewhat binary in nature. Though we seek to mitigate such binary risk, if such investment is not able to achieve relevant success milestones in a timely fashion, the investment may experience significant adverse effects, which in turn, could adversely affect the performance of a Fund.

*Product Liability.* The testing, manufacturing, marketing and sale of many of the products and technologies developed by life sciences companies inherently expose these companies to potential product liability risks. Many life sciences companies obtain limited product liability insurance and, furthermore, there can be no assurance that a health care company will be able to maintain its

product liability insurance on reasonable terms or that any product liability insurance obtained will provide adequate coverage against potential liabilities.

*Healthcare Reform.* Healthcare reform continues to be a significant factor in the profitability of companies in which a Fund may invest. The efforts to reform the healthcare delivery system in the United States and Europe have resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the companies in which a Fund invests.

*Reimbursement Policy Risk.* Many life sciences companies are highly dependent upon healthcare management and reimbursement policies. These policies can be significantly influenced by political events. In this regard there has periodically been some political sentiment for U.S. federal government intervention in the pricing of pharmaceuticals. While there has been consistent debate, there has been little change. However, even heated debate can elicit a sense of risk in the marketplace and there is no guarantee that the U.S. federal government's role in pharmaceutical pricing in the healthcare sector will continue to have the minimal impact it has had in the past. Any change in the pricing policy of pharmaceuticals through government intervention could have a material effect on the performance of a Fund.

In both the U.S. and foreign markets, sales of a life science company's products and its success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers, and other organizations. The levels of revenues and profitability of pharmaceutical companies may be affected by the continuing efforts of governmental and third-party payors to contain or reduce the costs of health care. Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that a company's proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development. Moreover, if reimbursement rates are reduced by applicable law or otherwise, or if health care providers anticipate reimbursement being reduced, providers may narrow the circumstances in which they prescribe or administer a Portfolio Investment's products, which could reduce the use or sales of such products and thereby have a material adverse effect on the value of the Portfolio Investment.

*Impact of Investments in the Technology Sector.* Certain Funds may make investments in life sciences companies whose performance may be highly correlated with their ability to successfully implement new technology and/or exploit technologies. A concentration of such investments will likely involve risks greater than those generally associated with more diversified funds and may experience significant fluctuations in returns. The technology sector is challenged by various factors, including rapidly changing market conditions and participants, new competing products and services and improvements in existing products and services. The products or services sold by Portfolio Investments may be rendered obsolete or adversely affected by competing products and services or other challenges. Instability, fluctuation, an overall decline or a bubble within the technology sector will likely not be balanced by investments in other industries not so affected. In the event that the technology sector as a whole declines, returns to investors may decrease. Conversely, the technology sector is currently in a phase of economic growth and the valuation of

certain investments in this sector may be priced higher than such investment's actual value. As a result it may be more difficult for a Fund to find attractive opportunities, resulting in diminished returns to investors. In addition, the recent period of rapid growth in the technology sector will not continue indefinitely, and the revenue growth during the term of a Fund may not be consistent with recent history.

*Life Sciences Research and Innovation.* The life sciences industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which a Fund invests.

*Investments in Royalty Interests.* Certain Funds may, directly or indirectly, enter into development funding arrangements ("Funding Agreements") with or purchase royalty interests (any agreements relating to such royalty interests, "Royalty Agreements," and together with Funding Agreements, "Contingent Payment Agreements") from biopharmaceutical and medical device companies as part of its investment activities. Royalty Agreements are generally derived from long-term contractual agreements between licensors and licensees and, as a result, Contingent Payment Agreements may have a longer holding period than other investments of the Funds, and there may be provisions in such agreements that restrict a Fund's ability to transfer such Royalty Agreements without the express written consent of the licensors or licensees. In addition, there is unlikely to be a formal market to facilitate the exchange of Contingent Payment Agreements. As a result, a Fund may be unable to sell investments in Contingent Payment Agreements or be forced to sell them at a less than desirable price. Funding Agreements involve an investment in certain clinical trial activities in exchange for future royalty and milestone payments up to a specified cap on invested capital, which cap may be subject to reduction by the company under certain conditions, and such payments are contingent upon approval of the applicable product and achievement of certain commercial milestones (such as annual net sales thresholds). Distributions to investors from Contingent Payment Agreements, if any, will be tied to certain commercialization metrics (such as the receipt of regulatory approvals, successful achievement of revenue levels or other financial targets) achieved by the products underlying each Contingent Payment Agreement. Although revenue projections developed by us at the time of a Fund's acquisition may contemplate additional indications and markets than those for which the products underlying the Royalty Agreement are approved at the time of the Fund's acquisition, the time required for these approvals is uncertain and can take a number of years, depending on the type, complexity and novelty of the product. In some cases, the terms of a Fund's Contingent Payment Agreement may permit the marketer or other payor to reduce or suspend payments to the Fund, or pre-pay contingent payment obligations at a discount from the negotiated cap, which could materially and adversely affect the Fund. We will not have any influence or control over the amount and timing of revenues generated by each product. Such revenues typically vary from quarter to quarter. Although the variations are typically gradual and cyclical, in certain cases they could be material and adverse. This could be the result of many different factors including but not limited to adverse market conditions, unanticipated regulatory changes, business disruptions and other factors that may not be foreseen by us at the time of acquisition. In addition, the commercial success of the products underlying the Contingent Payment Agreements depends in part on the ability of the developing and marketing

companies or their collaborative partners to obtain patents and successfully defend issued patents against invalidity claims. The determination of the strength of the patent position involves complex legal and factual questions and, therefore, enforceability of a patent cannot be predicted with certainty. Investments in royalties and similar instruments could be subject to certain regulations governing contingent payment debt instruments (“CPDIs”) which could cause a Fund, and consequently investors in the United States to recognize taxable income accruing on a CPDI in advance of, or without, receiving any cash payable on the CPDI. Additionally, all or a portion of the gain recognized on the sale or other taxable disposition of a CPDI generally will be treated for U.S. federal income tax purposes as ordinary interest income (rather than capital gain).

Investments in Contingent Payment Agreements will also expose a Fund to counterparty risk, as returns to the Fund will depend on timely payment by the issuer. If an issuer contests amounts due to a Fund, is unwilling or unable to pay amounts due to a Fund or undergoes a bankruptcy or similar proceeding that negatively impacts a Fund’s rights to royalty or other payments, it could have a materially adverse impact on the performance of a Fund. Further, a Fund may become involved in litigation or other possible disputes in respect of such contested amounts, which could result in the Fund incurring substantial costs and potentially harm the relationship between the Fund and the relevant issuer (or other issuers).

*Hedging Policies and Risks; Synthetic Investments.* Certain Funds at times will, but typically will not be required to, employ hedging techniques intended to reduce the risks of certain investments, including, for example, adverse movements in interest rates, asset prices and currency exchange rates. While such transactions reduce certain risks, they entail certain other risks and costs. For example, while a Fund generally will benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, asset prices or currency exchange rates could result in a poorer overall performance for such Fund than if it had not entered into such hedging transactions.

The success of a Fund’s hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the Portfolio Investments being hedged. Because the characteristics of many securities change as markets change or time passes, the success of a Fund’s hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Fund would generally enter into hedging transactions to seek to reduce risk, it is possible that such transactions would result in a poorer overall performance for a Fund than if it had not engaged in such hedging transactions. In addition, hedging transactions have inherent risks, including the possible default by the counterparty to the transaction and the illiquidity of the instrument a Fund acquires. For a variety of reasons, we at times will not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. We will not hedge against a particular risk when we do not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or when we do not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Fund’s portfolio holdings. In addition, although such hedging transactions generally hedge economic risks, they are not always effective hedges for tax purposes. For example, the tax character of the gain or loss on the hedging transaction may differ from the character of the gain or loss on the investment, or the timing of the gain or loss for tax purposes may differ between the



hedging transaction and the investment. Finally, changes to the regulations applicable to the financial instruments a Fund uses to accomplish its hedging strategy, including the CFTC's current and proposed rules on position limits for derivatives, could limit the effectiveness of that strategy or require more onerous reporting.

With respect to any investments in synthetic instruments, a Fund will have a contractual relationship only with the synthetic instrument counterparty, and no direct rights with respect to the underlying asset. A Fund may not have any voting, information, or other rights of ownership with respect to the underlying asset. In addition, a Fund will be subject to the credit risk of the synthetic instrument counterparty, and, in the event of the insolvency of that counterparty, generally will be treated as a general creditor of that counterparty and will not have any claim of title with respect to the underlying asset.

*Third-Party Involvement.* Funds co-invest from time to time with third parties through joint ventures or other entities. These investments involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor or co-venturer has financial, legal or regulatory difficulties that negatively affect the investment, has economic or business interests or goals that are inconsistent with those of a Fund or is in a position to take (or block) action in a manner contrary to a Fund's investment objectives. In addition, a Fund will in certain circumstances be liable for the actions of its third-party co-investors or co-venturers. In circumstances in which third parties involve a management group, such third parties may receive compensation relating to the investments, including incentive compensation arrangements or fees based on the value of assets managed, that could cause their interests to diverge from those of a Fund.

*Uncertainty of Financial Projections.* We will generally establish the capital structure of a Fund's Portfolio Investments on the basis of financial projections for these companies, which in turn are normally based primarily on management judgments. In all cases, projections are only estimates of future results that rely upon assumptions made at the time that the projections are developed. There can be no assurance that a Portfolio Investment will achieve its projected results, and actual results can vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

*Controlling Interests and Provision of Managerial Assistance.* Through equity ownership, representation on the board of directors and/or contractual rights (if applicable), a Fund may be deemed to control, participate in the management of or otherwise influence substantially the conduct of Portfolio Investments. The designation of our professionals and/or Senior Advisors as directors and the exercise of control over a company imposes additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, a Fund may suffer a significant loss, exposing the assets of the Fund to claims by a Portfolio Investment, its other security holders, its creditors or governmental agencies, which may exceed the value of the Fund's initial investment in that Portfolio Investment. While we intend to reduce exposure to these risks to the extent practicable, the possibility of successful claims cannot be precluded.

A relatively recent court decision found that, in certain circumstances, a fund could be treated as a “trade or business” for purposes of determining pension liability under the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Therefore, where an investment fund owns 80% or more (or possibly, under certain circumstances, less than 80%) of a Portfolio Investment, such fund (and any other 80%-owned Portfolio Investments of such fund) might be found liable for certain pension liabilities of such a Portfolio Investment to the extent the Portfolio Investment is unable to satisfy such liabilities. A Fund may, from time to time, invest in a Portfolio Investment that has unfunded pension fund liabilities, including structuring the investment in a manner where a Fund may own an 80% or greater interest in such a Portfolio Investment. If the Fund (or other 80%-owned Portfolio Investments of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under ERISA as in effect as of the date of this memorandum, which may change in the future as the case law and guidance develops.

*Non-Controlling Investments.* A Fund often holds a minority of the outstanding voting interests of a Portfolio Investment and may hold investments in derivatives, debt instruments or other securities that do not entitle the Fund to voting rights, and therefore, may have a limited ability to protect its investment in any such Portfolio Investment. If appropriate given the Fund’s ownership stake, the Fund may negotiate representation on the board of directors of a Portfolio Investment or other minority shareholder and supervisory rights to protect the Fund’s investment. However, there can be no assurance that these measures will give the Fund the influence it would need to protect its investment. As a result, the Fund will be subject to the risk that a Portfolio Investment it does not control, or in which it does not have a majority ownership position, may make decisions with which it disagrees, and the equity holders and management of such a Portfolio Investment may take risks or otherwise act in ways that are adverse to the Funds’ interests. If a Fund lacks the necessary liquidity in such Portfolio Investment, the applicable Fund may not be able to dispose of its investments in the event that it disagrees with the actions of such Portfolio Investment, and may therefore suffer a decrease in the value of its investment.

*Availability of Financing.* A Fund’s ability to invest in Portfolio Investments may depend on the availability and terms of any borrowings that are required or desirable with respect to such investments. For example, from time to time the market for private investment transactions has been adversely affected by a decrease in the availability of senior or subordinated financings for transactions. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair a Fund’s ability to consummate these transactions and would adversely affect the Fund’s returns.

*Investments in Operating Turnarounds.* In some cases, the success of a Fund’s investment strategy will depend in part on our ability to restructure and effect improvements in the operations of a Portfolio Investment. The activity of identifying and implementing restructuring programs and operating improvements at Portfolio Investments entails a high degree of uncertainty. There can be no assurance that we will be able to successfully identify and implement such restructuring programs and improvements.

*Sourcing of Investments.* We expect to source a substantial volume of a Fund's investment opportunities through our personnel, relationships and various platforms. To the extent these sourcing channels do not present us with a sufficient volume of investment opportunities, or the opportunities presented are not suitable for investment by a Fund, the Fund's performance will be adversely affected.

*Co-Investment Warehousing.* A Fund may acquire and temporarily set aside, or "warehouse," a portion of an investment opportunity in order to facilitate a co-investment by one or more co-investors (including affiliated co-investors). If the co-investment of the "warehoused" portion is not ultimately consummated, the Fund or the participating investors would end up holding a larger portion of the investment than it otherwise expected or desired to hold. The risk of a co-investment not being consummated generally would increase in the event an investment decreases in value during the warehousing period, potentially requiring the Fund to bear the losses in connection with the investment. We typically determine the cost of the co-investment in our sole discretion, taking into account its cost to the relevant Fund, the cost of capital and other factors, and may not charge the co-investors an amount that accurately reflects any appreciation in the value of the investment or appropriately compensates the Fund for the costs and risks incurred during the holding period. Therefore, depending on the change in value of the investment during such interim period, the Funds may not receive the full benefit of any increase in value. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the applicable Fund.

*Bridge Financings.* From time to time, a Fund expects to provide financing or make other contributions to one of its properties or investments (which may include equity and/or debt financing) on a short-term, unsecured basis in anticipation of a future issuance of more permanent, long-term equity or debt securities. However, for reasons not always in a Fund's control, such long-term securities may not be issued, and such bridge financing may remain outstanding. If that happens, the interest rate, coupon or other return on such loans or other contributions generally would not adequately reflect the risk associated with the unsecured position taken by the Fund. Additionally, the Funds may provide bridge financing to facilitate an investment with respect to, or otherwise in connection with, a Portfolio Investment. If the Funds or a Portfolio Investment provides bridge financing in anticipation of a co-investment that is not consummated, the Funds may exceed an investment concentration limitation which would not be considered a breach of the Governing Documents but would increase exposure of investors to a Portfolio Investment or portfolio company. As a result, the Funds' portfolio could become more concentrated with respect to such investment than initially expected.

*General Cash Flow Risks.* A principal objective of the Funds will be to make investments in entities with prospects for capital appreciation. We anticipate that certain Portfolio Investments will be leveraged and will likely not provide the Funds with any significant cash distributions until the underlying property is sold or refinanced. As a result, the Funds will likely not be able to make any significant cash distributions to investors from such investments other than in connection with the liquidation of such investments.

*Cayman Islands Regulator Oversight.* Certain AIVs may be required to register and be regulated as private funds under the Private Funds Act. Once registered, the Cayman Islands Monetary Authority (the "Authority") will have supervisory and enforcement powers to ensure each AIV's compliance with the Private Funds Act (As Revised) (the "Private Funds Act") of the Cayman

Islands. The Authority may take certain actions if it is satisfied that a regulated private fund is or is likely to become unable to meet its obligations as they fall due, or is carrying on business fraudulently or otherwise in a manner detrimental to the public interest or to the interests of its investors or creditors, or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include, inter alia, the power to require the substitution of the general partner, to appoint a person to advise the AIVs on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the AIVs. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

*Potential Reporting Obligations.* Acquisitions by a Fund of equity securities are expected to result from time to time in reporting and compliance obligations under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or their equivalent regimes in non-U.S. jurisdictions. Portfolio Investments may also subject a Fund and, in limited circumstances, its partners, to other regulatory and reporting requirements. Investments in the communications, insurance, financial services, healthcare and mortgage industries would typically require a Fund or its affiliates to secure regulatory approvals or licenses, or to disclose information about itself or its equity holders. Applying for and obtaining these licenses could take several months, and there is no assurance a Fund will obtain all desired licenses, in which case its investment options could be restricted. In addition, a Fund will be subject to tax reporting requirements in the United States and likely in other jurisdictions. The Fund will bear the costs of compliance.

*Disclosure of Information.* Certain investors in certain Funds are subject to state public records, similar freedom of information or other laws that compel public disclosure of confidential information regarding the Funds, their investments and their other investors, and these Funds may be required to disclose confidential information in connection with transactions. There has been an increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and any side letters) that investors that are subject to such laws have in place with private investment funds, as well as offering and other materials related to such funds. A Fund may incur expenses in connection with responding to any such disclosure requests, even if the Fund ultimately succeeds in asserting confidentiality for any requested documents and other materials. Moreover, notwithstanding the obligation that an investor may have pursuant to a Fund’s Governing Documents to maintain the confidentiality of a Fund’s information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. We may also, in certain circumstances, in an effort to protect against any such potential disclosure, withhold all or any part of the information we would otherwise provide such an investor. The public disclosure of this information may adversely affect a Fund and its investment activities.

In addition, a Fund could be required to disclose certain confidential information regarding some or all of its investors, including but not limited to, their names (including the names of their beneficial owners) and jurisdictions or formation or operation and the categories of investor type to which such investors belong, in connection with a public offering of a Portfolio Investment or other transactions, including to regulators, stock exchanges, self-regulatory organizations and investment banks, legal counsel and other advisors and in disclosure documents.

*Illiquidity – Real Estate.* Most, if not all, of a Fund's Portfolio Investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize on such Portfolio Investments in a timely manner. Although Portfolio Investments typically generate some current income, the return of capital and the realization of gains, if any, from a Portfolio Investment will generally occur only upon the partial or complete disposition or refinancing of such Portfolio Investment. While we may sell a Portfolio Investment at any time, we generally would not expect this to occur for a number of years after the Fund makes the investment. Furthermore, it is unlikely that there will be a public market for the Portfolio Investments at the time of their acquisition. A Fund and its general partner generally will not be able to sell Portfolio Investments publicly unless we register their sale under applicable securities laws, or unless an exemption from such registration requirements is available. In some cases, contractual, legal or regulatory reasons will prohibit a Fund from selling certain Portfolio Investments for a period of time.

*Risk Management; Operational Controls.* The operational controls and risk management techniques we use involve third parties over whom we do not exercise control, including outsourced providers of fund administration and custody services. The proper operation of a Fund and safekeeping of its assets depend on the performance and financial wherewithal of these third parties, as well as the continued operation and security of their systems. The operational controls and risk management techniques we use also necessarily include subjective elements, making the judgment and discretion of our investment and control-side professionals fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for us to control for risk, which in turn increases the likelihood of unpredictable results with respect to a Portfolio Investment and a Fund's overall performance.

Additional operational risks arise from such factors as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel and errors caused by third parties or other disruptive events. While we have adopted a business continuity program designed to minimize the disruption these events could otherwise cause to normal business operations, business continuity programs are inherently limited. For example, we could experience unanticipated contingencies or our controls and oversight may not function as intended. In addition, certain circumstances, including natural disasters, war, terrorism, public health crises, power or utility shortages and other system failures and malfunctions, could prevent us and our service providers from performing certain tasks, potentially for extended periods of time, including sending and executing trade orders, processing investor transactions and calculating the Funds' net asset value. Any such failure could cause losses to a Fund.

*Cybersecurity Risk.* We rely on technology, particularly internet-based programs and data storage applications and, we may be susceptible to operational risks specific to this technology, including ransomware, systems disruptions, and unauthorized access to our information and technology systems or those of joint-venture partners or third-party service providers that hold our information and/or have access to our technology systems. Security breaches could result in the misappropriation of confidential information, destruction or corruption of data and/or disruption of our operations. We, our service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite our efforts and those of our service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of

our computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of encrypt or otherwise prevent access to our systems and those of our service providers and counterparties as well as the data stored by these systems. Third parties, including nation-state or terrorist actors, may also attempt to fraudulently induce employees, customers, third-party service providers or other users of our systems to disclose sensitive information in order to gain access to our data or that of a Fund's investors or otherwise inflict harm. Likewise, our systems could be vulnerable to supply-chain attacks, wherein attackers may target third parties providing us software or services in order to introduce vulnerabilities in our network system. Whether intentional or unintentional, a cybersecurity breach of our system or the systems of Portfolio Investments may cause us, the Funds or Portfolio Investments to lose proprietary information, suffer data corruption or deletion, expose information to misuse or force us to pay ransom to retrieve data or face its loss. Unauthorized access could lead to:

- physical damage to a computer or network system (and costs associated with system repairs);
- loss or theft of investors' funds;
- the inability to access electronic systems;
- a failure to maintain the confidentiality and privacy of sensitive information (including the loss of investors' confidential or personal information);
- loss of capabilities essential to our, the Funds' and/or the Portfolio Investment's operations;
- ransomware payments,
- increases in insurance premiums;
- financial losses from remedial actions;
- loss of business;
- reputational harm; or
- potential liability.

Cybersecurity risks also require investment in ongoing preventative measures and compliance costs, including costs related to investigating the origin and scope of any cybersecurity incident, as well as increased and upgraded cybersecurity.

Furthermore, the international nature of our business operations can result in additional risks to our technology and information. At times we are required to disclose or store certain information locally in jurisdictions with relatively weaker protections of corporate proprietary information and assets. We may also transmit information in countries that do not respect the privacy of

communications or that restrict the transmission of certain information. Non-U.S. legal or administrative regimes may compromise our control over proprietary data and/or personal information by requiring us to cede to regulators rights over, or allow regulatory inspections of, it. The risk of data theft generally increases in these instances. The foregoing risks are equally applicable to us, our service providers and Portfolio Investments.

*Data Privacy and Security Laws.* Jurisdictions in which the Funds operate have recently adopted, or are considering adopting, stringent data privacy and cybersecurity laws, including the General Data Protection Regulation in the European Union (or “GDPR”), Data Protection Act (As Revised) of the Cayman Islands, the Personal Information Protection Law of the People’s Republic of China, the California Consumer Privacy Act and California Privacy Rights Act, the New York SHIELD Act and a range of proposed additional laws at the federal level and in California, New York, Texas, Utah, Washington and other states. The cumulative effects of the recently adopted laws include but are not limited to:

- heightened transparency and accountability surrounding the collection, use and disclosure of personal information;
- an enhanced ability of individuals, relative to companies, to control the use of their personal data;
- in certain circumstances, increased obligations to obtain individuals’ consent to the processing of their personal data;
- restrictions on the cross-border transfer of personal data to third countries;
- increased obligations to maintain the security of data; and
- additional exposure to fines or damages for companies that do not accord individuals their specified privacy rights, that experience data breaches or that fail to maintain cybersecurity at certain levels.

We will endeavor to maintain systems that promote compliance with data privacy and security laws, both those adopted to date and those that may be adopted in the future, but there can be no assurance that these systems will be effective. Failure to comply with such laws could result in significant fines or damages that could have a material adverse effect on the Funds.

Data privacy laws may also affect the companies that the Funds invest in. For example, China has placed increasing focus on companies’ data privacy and cybersecurity practices in recent years, including by adopting significant new laws and regulations in 2017 (the Cyber Security Law) and in 2021 (the Provision on Protection of Personal Information of Telecommunications and Internet Users and the Data Security Law). The implications of these and other new laws and regulations remain uncertain, and they could materially and adversely affect companies in which the Funds invest.

*Environmental Matters.* The ordinary operation of, or the occurrence of an accident with respect to, a Portfolio Investment asset could cause major environmental damage, which could result in

significant financial distress to such asset or Portfolio Investment, if not covered by insurance. In addition, persons who arrange for the disposal or treatment of hazardous materials could also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons.

Certain environmental laws and regulations could require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination. A Fund could therefore be exposed to substantial risk of loss from environmental claims arising in respect of its investments. Furthermore, changes in environmental laws or regulations or the environmental condition of an investment might create liabilities that did not exist at the time of its acquisition and that could not have been foreseen. Community and environmental groups could protest about the development or operation of Portfolio Investment assets, which could induce government action to the detriment of a Fund. New and more stringent environmental or health and safety laws, regulations and permit requirements, or stricter interpretations of current laws, regulations or requirements, could impose substantial additional costs on a Portfolio Investment, or could otherwise place a Portfolio Investment at a competitive disadvantage compared to other companies, and failure to comply with any such requirements could have an adverse effect on one or more Portfolio Investments.

Even in cases where a Fund is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Fund to achieve enforcement of such indemnities.

*U.S. Sanctions and FCPA Considerations.* Economic sanction laws in the United States and other jurisdictions may prohibit us, a Fund and its Portfolio Investments from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain non-U.S. countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit certain investment activities, and if a Fund or its Portfolio Investments were to violate any such laws or regulations, it may face significant legal and monetary penalties. These laws are complex and subject to frequent revision, and there is no guarantee that the activities of the Funds' Portfolio Investments or the Funds will not be materially affected by unforeseen changes to U.S. sanctions laws.

The U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws and regulations may also apply to and restrict the activities of certain Funds and their Portfolio Investments. If a Fund or its Portfolio Investment were to violate any such laws or regulations, such Fund or Portfolio Investment may face significant legal and monetary penalties. Even if an investigation or proceeding does not result in a finding of a violation of any such laws or regulations, or the penalties a regulator imposes against a Fund or its Portfolio Investment were small in monetary amount, the costs associated with regulatory investigations or adverse publicity relating to the investigation or proceeding could adversely affect the business, financial condition or results of



operations of the Fund or Portfolio Investment. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that a Fund or its Portfolio Investment becomes the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage may face increased scrutiny and/or liability with respect to the activities of their underlying Portfolio Investments. As such, a violation of the FCPA or other applicable regulations by a Fund or its Portfolio Investment could have a material adverse effect on the Fund.

*Market Structure Requirements Applicable to Derivatives.* The Dodd-Frank Act enacted, and the CFTC and SEC have issued or proposed rules to implement, both broad new regulatory requirements and broad new structural requirements applicable to over the-counter (“OTC”) derivatives markets and, to a lesser extent, listed commodity futures (and futures options) markets. Similar changes are in the process of being implemented in the European Union, Japan and other major financial markets.

These changes include but are not limited to:

- requirements that many categories of the most liquid OTC derivatives (currently limited to specified interest rate swaps and index credit default swaps) be executed on qualifying, regulated exchanges and be submitted for clearing;
- real time public and regulatory reporting of specified information regarding OTC derivative transactions;
- enhanced documentation requirements;
- margin requirements for uncleared derivatives;
- position limits; and
- recordkeeping requirements.

While these changes are intended to mitigate systemic risk and to enhance transparency and execution quality in the OTC derivative markets, we do not know the impact of these changes at this time. For instance, cleared OTC derivatives are subject to margin requirements established by regulated clearinghouses, including daily exchanges of cash variation (or mark to market) margin and an upfront posting of cash or securities initial margin to cover the clearinghouse’s potential future exposure to the default of a party to a particular OTC derivative transaction. Furthermore, “financial end users,” such as the Funds, that enter into OTC derivatives that are not cleared are generally required to exchange margin to collateralize such derivatives. Under the new rules, the level of margin required to be exchanged in connection with uncleared OTC derivatives in many cases is substantially greater than the level typically required by market participants or clearinghouses.

These changes could significantly increase (to the extent relevant to a Fund’s investments) the costs to a Fund of utilizing OTC derivatives, reduce the level of exposure a Fund is able to obtain (whether for risk management or investment purposes) through OTC derivatives and reduce the

amounts available to a Fund to make non derivative investments. These changes could also impair liquidity in certain OTC derivatives and adversely affect the quality of execution pricing a Fund obtains. As a result, these changes could adversely impact a Fund's investment returns. Furthermore, the margin requirements for cleared and uncleared OTC derivatives may require that the applicable general partner, in order to maintain its exemptions from CPO registration under CFTC Rule 4.13(a)(3), limit a Fund's ability to enter into hedging transactions or to obtain synthetic investment exposures, in either case adversely affecting the Fund's ability to mitigate risk.

*Position Limits.* The Dodd Frank Act significantly expanded the scope of the CFTC's authority and obligation to require reporting of, and adopt limits on, the size of positions that market participants may own or control in commodity futures and futures options contracts and swaps. The Dodd Frank Act also narrowed existing exemptions from such position limits for a broad range of risk management transactions.

In accordance with the requirements of the Dodd-Frank Act, the CFTC has adopted additional speculative position limits on additional specified agricultural, energy and metals futures contracts, futures contracts and options on futures contracts that are linked to these specified contracts, and economically equivalent swaps. The CFTC's newly adopted position limits rules also restrict the availability of exemptions from position limits for certain hedging activity and impose new requirements on U.S. futures exchanges and swap execution facilities to administer position limits and related exemptions. Market participants were required to comply with the new position limits on future contracts by January 1, 2022, and the new position limits on swaps and the new hedging restrictions by January 1, 2023. The Dodd-Frank Act also authorizes the CFTC to establish, but the CFTC has not yet established position limits applicable to other types of swaps that are economically equivalent to United States listed futures and futures options contracts, including contracts on non physical commodities, such as rates, currencies, equities and credit default swaps and aggregate position limits for a broader range of derivatives contracts based on the same underlying commodity, including swaps and futures and futures options contracts.

A person (including us and the general partners) is generally required to aggregate positions it owns or controls (including held indirectly through entities in which a person has a 10% or greater ownership interest) for purposes of current and new position limits, subject to certain exemptions for, among other things, independently traded positions.

We do not know the full impact of these recent changes at this time. Individually and collectively, current and new position limits and associated aggregation requirements could increase the costs to the Funds of maintaining positions in commodity futures and futures option contracts and swaps and reduce the level of exposure the Funds are able to obtain (whether for risk management or investment purposes) through commodity futures and futures option contracts and swaps. These requirements could also impair liquidity in certain swaps and adversely affect the quality of execution pricing obtained by the Funds, all of which could adversely impact the Funds' investment returns.

*Contingent Liabilities and Liabilities Upon Disposition of an Investment.* From time to time, a Fund may incur contingent liabilities in connection with an investment. For example, a Fund may enter into agreements pursuant to which it assumes responsibility for default risk presented by a

third party or may enter into agreements through which third parties offer default protection to a Fund. In connection with the disposition of an investment in a Portfolio Investment, a Fund may be required to make representations about the business and financial affairs of that Portfolio Investment typically made in connection with the sale of assets or a business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of the investment to the extent such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which will be borne by the Fund. The Fund may incur numerous other types of contingent liabilities, and there can be no assurance that the Fund will adequately reserve for its contingent liabilities or that such liabilities will not have an adverse effect on the Fund. A Fund's investors may be required to return amounts distributed to them to fund obligations, including indemnity obligations. In turn, investors participating in a Portfolio Investment (including a Fund) may be required to return amounts distributed to them to fund such Portfolio Investment obligations, including indemnity obligations, in which case investors may also be required to return amounts distributed to them to satisfy the funding obligations of the Funds with respect to such Portfolio Investment. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, as amended and in effect (the "Act"), each investor that receives a distribution in violation of the Act will, under certain circumstances, be obligated to return that distribution to the Funds.

*Nature of Real Estate Investments Generally.* The Funds' Portfolio Investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. Deterioration of real estate fundamentals generally, and in North America and Europe in particular, would negatively impact the performance of the Funds. Additional risks include those associated with:

- the burdens of ownership of real property;
- local, national or international economic conditions (such as an oversupply of space or a reduction in demand for space);
- changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies;
- uninsured or uninsurable losses;
- regulatory limitations on rents;
- decreases in property values;
- changes in tenant demand;
- changes in supply of and demand for competing properties in a particular area;
- fluctuations in the rates and occupancy for hotel properties;
- changes in housing policy;

- changes in the financial condition of tenants, buyers and sellers of properties;
- changes in availability of debt financing, which would render the sale or refinancing of properties difficult or impracticable;
- changes in building and similar laws;
- energy and supply shortages;
- terrorist attacks, war, natural disasters and other “acts of God”;
- work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor, and/or other labor-related factors;
- changes in real property tax rates and operating expenses;
- changes in interest rates and the availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable;
- increased mortgage defaults;
- increases in borrowing rates;
- environmental liabilities;
- contingent liabilities on disposition of assets;
- successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property);
- quality and philosophy of management;
- competition based on rental rates;
- attractiveness and location of the properties and changes in the relative popularity of property types and locations; and
- other factors that are beyond our control.

Most of the potential real estate Portfolio Investments will be difficult to value, and if our opinion as to the value of an investment is incorrect or not shared by other market participants, a Fund’s returns will be adversely affected.

*Risks of Acquiring Real Property.* The Funds’ real estate Portfolio Investments will be subject to various risks that cause fluctuations in occupancy, rental rates, operating income and expenses or that render the sale or financing of the Portfolio Investments’ properties difficult or unattractive. For example, following the termination or expiration of a tenant’s lease, there could be a period of time before a Fund’s Portfolio Investments will begin receiving rental payments under a

replacement lease. During that period, the Portfolio Investments (and indirectly, the Funds) will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions could impair the Portfolio Investments' ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants would require the Portfolio Investments to make capital improvements to properties that we would not otherwise have planned. Any unbudgeted capital improvements that a Fund undertakes may divert cash that would otherwise be available for distribution to investors. To the extent that the Portfolio Investments are unable to renew leases or re-let spaces as leases expire, decreased cash flow from tenants will result, which would adversely impact the relevant Fund's returns.

Additionally, a Fund occasionally will be required to spend funds to correct defects or make improvements before a property can be sold. We cannot assure that a Fund will have the necessary funds for such projects. On an acquisition, a Fund may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede a Fund's ability to respond to adverse changes in the performance of such Fund's Portfolio Investments could significantly affect such Fund's financial condition and operating results.

In some instances, the only asset of the tenant of a Portfolio Investment's property may be its improvements on the property, or the liability of the tenant may be limited to its interest in such improvements. In these cases, the Portfolio Investment will be required to rely on the tenant's equity interest in the improvements for its security. In the event of a default by a tenant's or other premature termination of a lease, the Portfolio Investment generally would experience delays in enforcing its rights as lessor, incur substantial costs in protecting its investment and experience an impairment of value.

Due to the relatively illiquid nature of real estate investments, we expect to have limited ability to vary a Fund's portfolio promptly in response to changes in economic or other conditions.

In addition, adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on a Fund's ability to collect rent payments and, accordingly, on its ability to make distributions to investors. Tenants will experience, from time to time, a downturn in their businesses or operations that could weaken their financial condition and result in their failure to make rental payments when due. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow of a Fund.

*Risks of Acquiring Real Estate Loans and Participations.* A Fund may hold direct or indirect investments in certain real estate-related debt instruments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real-estate related debt investments are subject to a variety of risks, including

- the risks of illiquidity;

- lack of control, mismanagement or decline in value of collateral;
- contested foreclosures;
- bankruptcy of the debtor;
- claims for lender liability;
- violations of usury laws; and
- the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments.

Debt investments have special inherent risks relative to collateral value. In the event of default, the source of repayment is limited to the value of the collateral and may be subordinate to other lien holders (and the collateral value of the property may be less than the outstanding amount of the investment).

Certain Funds at times will acquire real estate loans or participation interests that are nonperforming at the time of their acquisition or later become nonperforming for a wide variety of reasons. Such nonperforming real estate loans generally require a substantial amount of workout negotiations and/or restructuring, which typically would entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. To the extent that a Fund purchases partial interests in nonperforming loans, the Fund may not have control over the workout process and the management of real estate assets. Even in such circumstances, replacement “takeout” financing may not be available upon maturity of such real estate loan. Purchases of participations in real estate loans raise many of the same risks as direct investments in real estate loans and also carry risks of illiquidity and lack of control. In addition, loan participations involve credit exposure to the financial institutions participating in the loan. It is possible that a Fund will foreclose on collateral securing one or more real estate loans purchased by such Fund. The foreclosure process varies between jurisdictions and can be lengthy (taking up to several years or more to conclude in some jurisdictions) and expensive. Borrowers resist foreclosure actions by asserting numerous claims and defenses against the holder of a loan, including numerous lender liability claims and defenses, even when such assertions have no basis in fact, which can significantly prolong and increase the costs of the process. At any time during the foreclosure proceedings, a borrower may file for bankruptcy, which would stay the foreclosure action and further delay the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and result in disrupting ongoing leasing and management of the property. Moreover, certain of the real estate loans in which a Fund may invest may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. Investing in real estate-related loans will subject a Fund to many of the risks of investment in real estate generally, especially where the loans are acquired in distressed or “loan to own” situations. If a Fund acquires a loan participation, it will generally be unable to enforce its rights against the borrower or the collateral directly, and will instead be dependent on the participating financial institution.

Some of a Fund's investments in real estate loans and participations will not be rated by any recognized rating agency. Generally, the value of unrated classes is more subject to fluctuation due to economic conditions than rated classes, and there is increased risk of nonpayment or of a significant delay in payments on unrated classes. Should assets be downgraded, it would adversely affect their value and that of such Fund.

*Residential Real Estate Investments.* A Fund may invest from time to time in residential development projects and financing opportunities relating to certain residential real estate or residential real estate-related assets or portfolios thereof. In such circumstances, the performance of such investments may become increasingly susceptible to adverse changes in prevailing economic and employment conditions in the United States and the other jurisdictions where such properties are located. Our ability to invest in residential real estate-related opportunities (including providing financing for potential owners and operators of residential real estate or residential real estate-related assets or portfolios thereof) may depend upon our ability to strategically partner with established and sophisticated joint venture partners and other third parties. Any downturn in the U.S. or global economies may adversely affect the financial condition of residential owners and tenants, making it more difficult for them to meet their periodic repayment obligations relating to certain residential real estate properties, which could adversely impact a Fund's investment performance. In addition, there can be no assurance that a Fund will be able to effectively partner with suitable joint venture partners or other third parties in connection with its residential real estate-related investment activities, which may impact the Fund's ability to effectively identify and consummate such investments.

*Ground Lease Investments.* A Fund may invest from time to time in real estate properties that are subject to ground leases. As a lessee under a ground lease, a Portfolio Investment may be exposed to the possibility of losing the property upon termination, or an earlier breach by such Portfolio Investment, of the ground lease, which may adversely impact a Fund's investment. Furthermore, ground leases generally provide for certain provisions that limit the ability to sell certain properties subject to the lease. In order to assign or transfer rights and obligations under certain ground leases, a Fund will generally need to obtain consent of the landlord of such property, which, in turn, could adversely impact the price realized from any such sale.

*Mortgage-Backed Securities.* A Fund may acquire senior and subordinated tranches of mortgage-backed securities ("MBS") issuances. Subordinated tranches of MBS are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and also have subordinated rights as to receipt of interest distributions. Subordinated tranches are subject to a greater risk of nonpayment than senior tranches of MBS or MBS-backed by third-party credit enhancement. In addition, the secondary market for such subordinated securities is not as active and well-developed as the market for certain other MBS. Accordingly, such subordinated MBS would have limited marketability, and there can be no assurance that a more efficient secondary market will develop. Although senior tranches of MBS are less risky than subordinated tranches of the same issue, they are still subject to the risk of loss.

*Industry Concentration.* Certain Funds' investments will be concentrated in the real estate industry and will be subject to numerous risks that affect the real estate industry as a whole, or specific sectors within that industry. In addition, because of the concentration of the Funds' investments in a single industry, an investment in the Funds may be subject to greater risk than an investment

in a portfolio representing a broader range of industries. Even within the real estate industry, there is no requirement that the collateral underlying the Funds' investments be diversified by asset class. As such, during periods of difficult market conditions or economic slowdown in one or more real estate asset classes, the adverse effect on the Funds' net investment income could be exacerbated by the concentration of the issuers of a Fund's Portfolio Investments in such real estate asset classes.

*Illiquid and Long-Term Investments.* An investment in certain Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The Funds' ability to dispose of investments may be limited for several reasons. The types of debt investments targeted by the Funds generally are not traded on organized exchanges and may be private, direct investments with no trading market at all. The liquidity of the Portfolio Investments will therefore depend on the private market and the ability of the borrowers to refinance the loans. Dispositions of certain investments may be subject to significant delays as transfers of debt instruments may require extensive and customized documentation, the payment of significant fees and the consent of third parties, including an agent bank or underlying obligor. Dispositions of investments also may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof.

Although most Fund debt investments are expected to generate current income, such investments will typically take years from the date of a Fund's initial investment to reach a state of maturity when realization of such investments can be achieved. In addition, there can be no assurances that any distributions of current income will be made due to various factors, including incurrence of expenses and liabilities, potential non performance or write downs of Portfolio Investments, paying down outstanding credit facilities or changes in the market for debt obligations. Furthermore, the expenses of operating a Fund (including the management fee payable by investors) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, uninvested capital commitments.

*Structural Considerations Related to Investments in Real Estate Debt.* The debt securities and instruments in which certain Funds may invest include secured or unsecured debt at various levels of an issuer's capital structure.

As part of the Funds' investment strategies, the Funds can invest in a range of mezzanine, junior tranches of debt securities in an issuer's capital structure and MBS comprised of securities that are subordinated or otherwise junior in an issuer's capital structure. To the extent a Fund invests in unsecured or relatively junior debt securities in an issuer's capital structure, such investments may be subordinated to substantial amounts of senior indebtedness. Investments in subordinated debt securities involve greater credit risk of default than the more senior classes of such issuance or series. Subordinated or junior tranches in an issuer's capital structure absorb losses from default before other more senior tranches to which such junior tranches are subordinate. As a result, to the extent a Fund invest in such debt, the Fund would potentially receive payments or interest distributions after, and must bear the effects of losses or defaults on the underlying mortgage loans before, the holders of other more senior tranches of debt.



In addition, the ability of a Fund to influence an issuer's affairs in its capacity as a junior creditor is likely to be substantially less than that of senior creditors. Mezzanine and B-note loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a mezzanine or B-note loan to (i) exercise remedies against the collateral with respect to their loans; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the issuer. Accordingly, when a Fund holds a mezzanine or B-note loan, the ability of the Fund to influence an issuer's affairs, especially during periods of financial stress or distress or following an insolvency, is likely to be substantially less than that of a senior creditor. Consequently, the Fund may not be able to take the steps necessary to protect such investments in a timely manner or at all.

Further, unlike mortgage financings in which a lender makes a loan to a property owner in exchange for a security interest in the underlying real property, real estate mezzanine financing is generally made to a direct or indirect parent of the property owner in exchange for a direct or indirect pledge of the equity interest in the property owner. The parent of the property owner is commonly set up as a single purpose entity intended to be a "bankruptcy remote" entity which owns only the equity interest in the property owner. In such a circumstance, a Fund's remedy in the event of non-performance would include foreclosure on the equity interests pledged by the owner of such property. While the foreclosure process on such equity interests is generally faster and less cumbersome than foreclosure on real property, such foreclosure process may nevertheless involve the foreclosure risks discussed above in *"Risks of Acquiring Real Estate Loans and Participations"*. Furthermore, such mezzanine financing may involve multiple levels of mezzanine loans to multiple levels of mezzanine borrowers (each pledging its equity interest in the borrower under the more senior financing as collateral), and therefore a Fund's investments may be negatively affected by separate levels of mezzanine financing. There can also be no guarantee that in such circumstances the Fund will be able to negotiate favorable intercreditor rights between itself as mezzanine lender and the senior lenders. In order to realize on its collateral, a mezzanine lender may need to repay the mezzanine borrower's indebtedness to more senior lenders to which the assets of such borrower or its subsidiaries are pledged. If the Fund forecloses on collateral for a mezzanine loan, it may need to draw down capital commitments from investors to effect such a payoff of senior indebtedness, which may occur after the end of the commitment period.

The debt securities and instruments in which the Funds may invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt investments are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. A Fund's investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected and thereby limiting the amount of income earned by the Fund from such investments. Alternatively, investments acquired at a discount may be extended in term thereby impairing the projected discount margin or overall yield to an investment. In addition, depending on fluctuations of the

equity markets and other factors, warrants and other equity securities received by a Fund may become worthless.

*Structured Products.* Certain Funds may invest in structured products, including pools of mortgages, loans and other real estate-related interests. These investments may include debt securities issued by a private investment fund that invests, on a leveraged basis, in bank loans, high yield debt or other asset groups, as well as certificates issued by a structured investment vehicle that holds pools of commercial mortgage loans, as well as synthetic MBS in the form of credit default swaps (e.g., CMBX). MBS may include swaps for which the reference obligation is an MBS or related index, such as the CMBX Index (a tradeable index referencing a basket of CMBS), the TRX Index (a tradeable index referencing total return swaps based on CMBS) or the ABX Index (a tradeable index referencing a basket of sub-prime MBS).

The Funds' investments in structured products will be subject to a number of risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks (including related to the fact that the structured products in which a Fund invests may be structurally leveraged (i.e., such products may have built-in leverage features that can increase or decrease the value thereof by a greater degree than any corresponding increase or decrease in value of the underlying investments)), basis risks and legal risks. Utilization of leverage (including investing in structurally-leveraged securities) is a speculative investment technique and will generally magnify the opportunities for gain and risk of loss borne by an investor in the subordinated debt securities issued by a structured product. Structured products may include credit enhancements or other upside protections designed to raise the overall credit quality of the security above that of the underlying collateral, but these credit enhancements or upside protections may fail to protect from a loss of capital. 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 a Fund's investment therein. In addition, if the particular structured product is invested in a security in which a Fund is also invested, this would tend to increase such Fund's overall exposure to the credit of the issuer of such securities, at least on an absolute, if not on a relative basis.

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.

We expect that some structured securities the Funds may hold from time to time will be subordinate in right of payment and rank junior to other securities or interests that are secured by or represent an ownership interest in the same Portfolio Investment. In addition, many of the related transactions have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the underlying company exceeds certain levels. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates. Additionally, as a result of cash flow being diverted to payments of principal of more senior classes, the average life of such structured products may lengthen.

Any such structured products may include one or more underlying issuers that are Portfolio Investments of one or more other Global Vehicles, which may give rise to certain conflicts of interest.

For the avoidance of doubt, any structural leverage inherent in a structured product will not be included in the calculation of a Fund's leverage limitation.

*Loan Origination.* Certain Funds or subsidiaries thereof (including subsidiaries treated as corporations for U.S. federal income tax purposes) may originate loans consistent with the Funds' investment objectives and strategy. In making loans, the Funds will compete with a broad spectrum of lenders, some of which may be willing to lend money on better terms (from a borrower's standpoint) than the Funds. Increased competition for, or a diminution in the available supply of, qualifying borrowers may result in lower yields on such loans, which could reduce returns to the Funds.

In addition, loan origination involves a number of particular risks, including:

- when originating loans, we will generally have to rely more on its own resources to conduct due diligence of the borrower;
- if a Fund engages in loan origination with the intent of selling a portion of, or assigning participations in, such investment to other Global Vehicles or third parties, there is no guarantee that such sale or assignment will be successful and the Fund may be forced to hold a greater portion of such investment than intended, which would expose the Fund to the risk of greater losses if such loans decline in value. A Fund's ability to engage in certain loan originations above a certain size and to structure such loans in a certain way may also depend on its ability to partner with other investors;
- loan origination may involve additional regulatory risks given the requirement to hold a license for certain types of lending in some jurisdictions. It is expected that the Funds generally will conduct their activities in such a manner so as not to require any entities associated with the Funds to obtain banking or lending licenses, but certain jurisdictions may require such licenses. In the event that a Fund fails to comply with any such regulations, it could result in the imposition of fines, prohibitions on activities or other sanctions that could materially impair the Fund's ability to carry out loan origination or lead to financial losses of the Fund;
- the borrowers for such loans may in some circumstances be higher credit risks who could not obtain debt financing in the syndicated markets;
- the Funds may originate loans that allow for voluntary prepayments, and the timing of any such prepayments cannot be predicted with any accuracy. Early payments of loans originated by a Fund could cause the Fund not to achieve its expected returns on such investments, and such prepayments may be made during a period of declining interest rates or otherwise unfavorable market conditions for the Fund;

- the value of collateral securing a loan can be extremely difficult to predict, and adverse changes in the value of the collateral could materially and adversely affect the value of a Fund's investments in such loans, or the amounts it would recover in the event of a borrower's default; and
- the terms of the loans that a Fund originates or in which they otherwise invest may restrict the Fund from bringing an enforcement action against the relevant borrower or issuer until a prescribed period after a default by that borrower or issuer has elapsed. The financial strength of the borrower or issuer may, however, continue to deteriorate during this standstill period, thereby potentially affecting the Fund's ability to recover all or any of its investment.

*Non-Qualifying Mortgage Loans and Securities.* Certain Funds may invest in mortgage loans and securities backed by mortgage loans that do not meet the definition of "qualified mortgages" ("Non-QM Loans") under the Consumer Financial Protection Bureau's Ability-to-Repay Rule (the "ATR Rule"). A Non-QM Loan is a loan that does not meet one of the following criteria: (1) terms of the mortgage loan must not include any negative amortization, interest-only payments or balloon payments other than certain limited circumstances, (2) the loan term cannot exceed 30 years, (3) points and fees paid by the borrower cannot exceed certain ceilings, based on loan amount (3% of the total loan amount in most cases), (4) the lender must calculate monthly payments based on the highest monthly payments required any time during the first five years after the date on which the first regular periodic payment will be due, and periodic payments of principal and interest that will repay the loan over the loan term (or the remaining term after recast, if applicable), (5) the total "back end" debt-to-income ("DTI") ratio cannot exceed 43% or (6) the verification of income and assets and determination of the DTI ratio must be in accordance with the "Standards for Determining Monthly Debt and Income" in the ATR Rule.

The ATR Rule includes a "safe harbor" for a covered transaction that meets the definition of "qualified mortgage" and that is not a "higher-priced covered transaction." For any covered transaction that meets the definition of a "qualified mortgage" and is not a "higher-priced covered transaction," the creditor or assignee will be deemed to have complied with the ability-to-repay requirement (i.e., will be conclusively presumed to have made a good faith and reasonable determination of the consumer's ability to repay), although the mortgagor could still subsequently contend that the covered transaction did not actually meet the factual criteria of a "qualified mortgage." Higher-priced covered transactions that meet the definition of a "qualified mortgage" are subject to a rebuttable presumption of compliance with the ability-to-repay requirements; the mortgagor could subsequently contend that they are left with insufficient residual income or assets to meet living expenses. The Funds have no way to verify whether any mortgage loan is a qualified mortgage loan.

Non-QM Loans are subject to the potential for increased challenges to the ATR Rule analysis used in approving a borrower. Even if the borrower does not succeed in the challenge, additional costs may be incurred by the Fund in connection with challenging and defending such claims. These borrower claims may be more likely and costlier in judicial foreclosure jurisdictions than in non-judicial foreclosure jurisdictions, and there may be more of a likelihood such claims are made since the borrower is already exposed to the judicial system to process the foreclosure. Importantly, there is little, if any, established case law as of yet with respect to both: (i) the

substance of the ATR Rule, analyzing the consumer's ability to repay and the weight and mechanics given to the rebuttable presumption of compliance, and (ii) the damages provisions and how they will be determined and allocated by a court. Various state and local jurisdictions may also adopt similar or more onerous provisions in the future. The lack of judicial precedent regarding the ATR Rule and potential claims increases the risk of loss to the Funds with respect to Non-QM Loans. In addition, the securitization of Non-QM Loans is likely to give rise to longer "non-call" periods than the securitization of other types of mortgage loans.

*Whole Loans.* The Funds may invest in commercial mortgages and senior loans secured by all property types and in residential whole loan mortgages. These whole loans may include subprime, non-performing and sub-performing mortgage loans which are subject to increased risks as opposed to prime whole loans. Whole loans generally are not government guaranteed or privately insured, though in some cases they may benefit from private mortgage insurance. A whole loan mortgage (and certain senior loans) are directly exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying property, the creditworthiness and financial position of the borrower, and the priority and enforceability of the lien are each of great importance. The mortgage loans in which the Funds may invest would be secured by underlying real property interests. In addition, when a Fund invests in whole loans, such investments will be subject to bankruptcy risk (i.e., reduction in a borrower's mortgage debt due to a borrower's bankruptcy or the staying of a foreclosure action), and the Fund will be subject to numerous claims and defenses against it as holder of the whole loan, including numerous lender liability claims and defenses, even when such assertions have no basis in fact. Further, as whole loans are not securities, they may be less liquid than interests in structured finance vehicles. Whether or not we or our affiliates have participated in the negotiation of the terms of any such mortgages, there can be no assurance as to the adequacy of the protection of the terms of the loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted that might interfere with enforcement of the rights of the Funds.

*Collateralized Loan Obligation Products and Other Securitizations.* Certain Funds may invest in pools and/or tranches of collateralized loan obligation ("CLO") products (including "equity" or residual tranches) and other securitizations, which are generally limited recourse obligations of the issuer payable solely from the underlying assets of the issuer or proceeds thereof. Consequently, holders of equity or other securities issued by these issuers must rely solely on distributions on its underlying assets or proceeds thereof for payment in respect thereof. CLOs may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. The underlying assets of issuers of CLOs may include broadly-syndicated leverage loans, middle-market bank loans, collateralized debt obligation debt tranches, trust preferred securities, insurance surplus notes, asset-backed securities, mortgages, REITs, high-yield bonds, mezzanine debt, second-lien leverage loans, credit default swaps and emerging market debt and corporate bonds, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks, and may also include assets and/or properties that are owned, directly or indirectly, by one or more other Global Vehicles. The aggregate return on CLO equity securities will depend in

part upon the ability of each investment manager to actively manage the related portfolio of the assets of such issuers of CLOs.

*High Yield and Preferred Securities and Distressed Debt.* Certain Funds may invest in “high yield” bonds, preferred securities, convertible notes and distressed debt that are rated in the lower rating categories by the various credit rating agencies or comparable non-rated securities. The market for high yield securities has experienced periods of volatility and reduced liquidity. Securities in the lower rated categories and comparable non-rated securities are subject to greater risk of loss of principal and interest than higher rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. Such issuers typically are highly leveraged, with significant burdens on cash flow and, therefore, involve a high degree of financial risk. During an economic downturn or recession, securities of financially troubled or operationally troubled issuers are more likely to go into default than securities of other issuers. Because investors generally perceive that there are greater risks associated with the lower rated and comparable non-rated securities, the yields and prices of such securities may be more volatile than those for higher rated and comparable non-rated securities. The market for lower rated and comparable non-rated securities is thinner, often less liquid and less active than that for higher rated or comparable non-rated securities and the market prices of such securities are subject to erratic and abrupt movements. The spread between bid and asked prices for such securities may be greater than normally expected. Such factors can adversely affect the prices at which these securities can be sold and may even make it difficult to sell such securities.

Investment in the securities of financially troubled issuers and operationally troubled issuers involves a high degree of credit and market risk. These financial difficulties may never be overcome and may cause issuers to become subject to bankruptcy proceedings.

*B-Notes and A/B Structures.* Certain Funds may invest in B-notes (including by originating a whole loan and selling the A-note to a third party or another TPG fund), which are mortgage loans typically (i) secured by a first mortgage on a commercial property or group of related properties and (ii) subordinated to an A-note secured by the same first mortgage on the same collateral. As a result, if a borrower defaults, there may not be sufficient funds remaining to repay B-note holders after payment to the A-note holders. Since each transaction is privately negotiated, B-notes can vary in their structural characteristics and risks. For example, the rights of holders of B-notes to control the process following a borrower default may be limited in certain investments. Certain additional risks apply to B-note investments, including those described herein. The B-note portion of a loan is typically small relative to the overall loan, and is in the first loss position. As a means to protect against the holder of the A-note from taking certain actions or receiving certain benefits to the detriment of the holder of the B-note, the holder of the B-note often (but not always) has the right to purchase the A-note from its holder in a default situation. If available, this right may not be meaningful to the Fund. For example, a Fund may not have the capital available to protect its B-note interest or purchasing the A-note may alter the Fund’s overall portfolio and risk/return profile to the detriment of investors. In addition, a B-note may be in the form of a “rake bond.” A “rake bond” is a CMBS backed solely by a single promissory note secured by a mortgaged property, which promissory note is subordinate in right of payment to one or more separate promissory notes secured by the same mortgaged property.

*Preferred Equity.* Certain Funds may invest in preferred equity interests which generally rank junior to all existing and future indebtedness, including mezzanine and mortgage loans. To the extent a Fund invests in preferred equity, such investments and the Fund's remedies with respect thereto will be subject to the rights of holders of more senior tranches in the issuer's capital structure (including mezzanine and other junior debt holders) and, to the extent applicable, contractual co-lender, intercreditor, and/or participation agreement provisions, which will expose the Fund to greater risk of loss. In the event of a bankruptcy, liquidation or other winding up with respect to any issuer in which a Fund holds a preferred equity investment, the Fund is expected to bear a greater risk of loss of principal as compared to holders of more senior tranches in the issuer's capital structure with secured investments (as preferred equity interests are generally not secured). When investing in preferred equity, a Fund may be limited to recovering proceeds from the forced sale of the underlying asset (which may come at an inopportune time) net of the satisfaction of claims of more senior interest holders.

*Construction Loans.* Certain Funds may originate and/or otherwise invest in construction loans. Construction lending generally is considered to involve a higher degree of risk of non payment and loss than other types of lending due to a variety of factors. If the costs to complete a project financed by a construction loan are higher than anticipated, the borrower may not be able to raise sufficient additional capital to complete the project. Similarly, if the time to complete a project is longer than is anticipated, there is a risk that the borrower will not be able to complete the project by maturity of the loan or that the borrower will not have sufficient funds to pay the carrying costs of the project. Because construction loans depend on timely, successful completion and the lease up and commencement of operations post completion, a Fund may need to increase its allowance for loan losses in the future to account for the likely increase in probable incurred credit losses associated with such loans. Further, as the lender under a construction loan, a Fund may be obligated to fund all or a significant portion of the loan at one or more future dates. The Fund may not have the funds available at such future date(s) to meet its funding obligations under the loan. In that event, the Fund would likely be in breach of the loan unless it is able to raise the funds from alternative sources, which it may not be able to achieve on favorable terms or at all. If a Fund fails to fund its commitment on a construction loan or if a borrower otherwise fails to complete the construction of a project, there could be adverse consequences associated with the loan, including: (i) a loss of the value of the property securing the loan, especially if the borrower is unable to raise funds to complete construction from other sources; (ii) a borrower's claim against the Fund for failure to perform under the loan documents; (iii) increased costs to the borrower that the borrower is unable to pay; (iv) a bankruptcy filing by the borrower; and (v) abandonment by the borrower of the collateral for the loan.

*Derivatives.* Certain Funds may invest in derivative instruments of any kind (e.g., CMBX, options contracts, futures contracts, options on futures contracts, forward contracts, interest rate swaps, total return swaps, credit default swaps and other swap agreements). Investing in derivative instruments presents various risks, including lack of liquidity and risks of purchasing outside of an exchange. Derivative instruments, especially when purchased in large amounts, may not be liquid in all circumstances, so that in volatile markets a Fund may not be able to close out a position without incurring a loss. The use of derivative instruments involves investment risks and transaction costs to which the Funds would not be subject absent the use of these instruments. The prices of derivative instruments, including swaps, futures, forwards and options, are highly volatile and such instruments may subject the Funds to significant losses. The value of such derivatives

also depends upon the price of the underlying instrument or commodity. Such derivatives and other customized instruments also are subject to the risk of non-performance by the relevant counterparty (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of over-the-counter (“OTC”) instruments). In addition, actual or implied daily limits on price fluctuations and speculative position limits on the exchanges or OTC markets in which the Funds may conduct their transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Funds to the potential of greater losses. Derivative instruments that may be purchased or sold by the Funds may include instruments not traded OTC or on an exchange. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which a Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities exist between bid and asked prices for derivative instruments that are traded OTC and not on an exchange. Such OTC derivatives are also subject to types and levels of investor protections or governmental regulation that may differ from exchange-traded instruments.

The use of derivative investments may require a Fund to acquire or originate investments at inopportune times or for prices above the current market values, may limit the amount of income a Fund receives from an investment or may cause a Fund to hold a security that the Fund might otherwise want to sell. The Funds will also be subject to credit risk with respect to the counterparties to derivative contracts (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of OTC instruments). In addition, the use of derivatives will be subject to unique risks associated with such instruments, including a lack of sufficient asset correlation, heightened volatility in reference to interest rates or prices of reference instruments and duration/term mismatch, each of which may create additional risk of loss.

Finally, the Funds may take advantage of investment opportunities with respect to derivative instruments that are neither presently contemplated nor currently available, but which may be developed in the future, to the extent such opportunities are both consistent with the Funds’ investment objectives and legally permissible. Any such investments may expose the Funds to unique and presently indeterminate risks, the impact of which may not be capable of determination until such instruments are developed and/or the Funds makes such an investment.

*Lender Liability Claims.* In recent years, a number of judicial decisions 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 on the premise that a lender has either 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 the creation of a fiduciary duty owed to the borrower or its other creditors or stockholders. We cannot assure that such claims will not arise or that the Funds will not be subject to significant liability and losses if a claim of this type were to arise.

*Appraisals.* Deficiencies in appraisal quality in the loan origination or investment process could reduce the Funds’ net investment income. During the loan underwriting process, appraisals may be obtained on the collateral underlying each prospective loan. The quality of these appraisals may vary widely in accuracy and consistency. The appraiser may feel pressure to provide an appraisal in the amount necessary to enable the originator to make the loan, whether or not the value of the property justifies such an appraised value. If appraisals result in an inflated value of



the underlying real estate that proves to be inaccurate, this may result an increase in the severity of losses on the loans, and, in turn, the Funds may incur losses that could materially and adversely affect their financial condition.

*Risks Relating to Rating Agencies.* Certain Funds may invest in debt securities that have been rated by nationally recognized rating organizations. In general, the ratings of these organizations represent the opinions of such agencies as to the quality of investments that they rate. Such ratings are relative and subjective and are not statements of fact; they are not absolute standards of quality and do not evaluate the market value risk of the investments that are rated. Therefore, there can be no assurance that any such rating will accurately quantify risk. Such agencies may change their method of valuation of, and the ratings of, securities held by the Funds at any time. The sale price of MBS is highly correlated with the rating such MBS receive from the rating agencies. If an existing investment of a Fund is downgraded, the value of such investment may be adversely affected which in turn may adversely affect the returns to investors.

*Risks Relating to Non-Rated Investments.* It is anticipated that at least some of certain Funds' investments in real estate loans and participations will not be rated by any recognized rating agency. Generally, the value of unrated classes of MBS is more subject to fluctuation due to economic conditions than rated classes, and there is increased risk of nonpayment or of a significant delay in payments on unrated classes.

*Failure of Servicers to Effectively Service Loans.* Most loans and securitizations thereof require a servicer to be responsible for the resolution of delinquent and defaulted loans, including managing collections in respect thereof. In most situations, we expect that the servicer will be unaffiliated with us. However, in some situations, we may act as servicer (which could result in conflicts of interest when one of our employees provides such services or when another Fund holds an interest in the applicable Portfolio Investment. In any event, the servicer quality is of significant importance in the management of mortgage loans (or pools thereof) and default issues related thereto, and judgments made by a special servicer could significantly alter the probability and amount of recovery in a default situation. In the case of pools of securitized loans, servicers may be required to advance interest on delinquent loans to the extent the servicer deems those advances recoverable. In the event the servicer does not advance, interest payments may be interrupted even on more senior securities. Servicers may also advance more than is in fact recoverable once a defaulted loan is disposed, and the loss to the trust may be greater than the outstanding principal balance of that loan. The failure of servicers to effectively service the loans and/or pools thereof in which a Fund has an investment would materially and adversely affect the Fund.

*Transitional Loans.* Certain Funds may originate and acquire transitional loans on commercial real estate. These loans provide interim financing to borrowers seeking short-term capital for the acquisition, lease up or repositioning of commercial real estate and generally have a maturity of three years or less. A borrower under a transitional loan has usually identified an asset that has been under-managed and/or is located in a recovering market. If the market in which the asset is located fails to recover according to the borrower's projections, or if the borrower fails to improve the operating performance of the asset or the value of the asset, the borrower may not receive a sufficient return on the asset to satisfy the transitional loan, and a Fund will bear the risk that it may not recover some or all of its investment.

In addition, borrowers often use the proceeds of a conventional mortgage loan to repay a transitional loan. A Fund may therefore be dependent on a borrower's ability to obtain permanent financing, or another transitional loan, to repay a transitional loan, which could depend on market conditions and other factors. In the event of any failure to repay under a transitional loan held by a Fund, the Fund will 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 mortgage collateral and the principal amount and unpaid interest of the transitional loan.

*Difficulties Redeploying Proceeds from Repayments.* As a Fund's loans and other investments are repaid, we will attempt to redeploy the proceeds the Fund receives during the commitment period into new loans and investments and repay borrowings under the Fund's secured credit facilities and other financing arrangements. It is possible that we will fail to identify reinvestment options that would provide a yield and/or a risk profile that is comparable to the asset that was repaid. If we fail to redeploy the proceeds a Fund receives from repayment of a loan or other investment in equivalent or better alternatives, the Fund could be materially and adversely affected. If we cannot redeploy the proceeds a Fund receives from repayments into funding loans in property types or geographic markets that we have identified as priorities, such repayments may cause the composition of the Fund's loan portfolio to skew towards less favored property types or geographies and prevent the Fund from achieving its portfolio construction objectives.

*Equity Positions.* In certain circumstances the Funds may take an equity position in a property-owning entity (for example, if a Fund forecloses on a loan). In this situation, a Fund's interests will be subordinated to both general and secured creditors of the asset. This subordination could increase the Fund's risk of loss. Moreover, acquisition of minority equity interests involves certain risks not present in real property loans or direct property ownership. For example, there is the possibility that other equity owners may have economic or business interests or goals that are inconsistent with those of the Funds.

*Leverage.* Certain Funds intend to utilize significant leverage, which involves a high degree of financial risk and will increase Funds' exposure to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the performance of Portfolio Investments. Although borrowings by a Fund have the chance to enhance overall returns, they will further diminish returns (or increase losses) to the extent overall returns on investments are less than a Fund's cost of funds. This leverage may also subject a Fund to restrictive covenants with respect to its Portfolio Investments, which may limit flexibility in responding to changing business and economic conditions.

In addition, each leveraged investment will involve interest rate risk, including to the extent that financing charges for such leveraged investment are based on a predetermined interest rate (when variable rates are more attractive). Inversely, to the extent that the financing charges for such leveraged investment are based on variable rates, increases in such rates could adversely affect the ability of a Fund to meet its debt obligations.

A Fund's use of leverage may also create a mismatch with the duration and index of the investments that such Fund is financing. We will generally seek to structure a Fund's leverage such that we minimize the differences between the term of the Fund's investments and the leverage used by the Fund to finance such an investment. However, under certain circumstances, we may

determine not to do so or the Fund may otherwise be unable to do so. Accordingly, the extended term of the financed loan or other investment may not correspond to the term to extended maturity of the financing for such loan or other investment. In the event that a Fund's leverage is for a shorter term than the financed loan or other investment, we may not be able to extend or find appropriate replacement leverage and that would have an adverse impact on the Fund's liquidity and its returns. In the event that a Fund's leverage is for a longer term than the financed loan or other investment, the Fund may not be able to repay such leverage or replace the financed loan or other investment with an optimal substitute or at all, which would negatively impact the Fund's returns.

A Fund's assets, including any investment made by the Fund and any capital held by the Fund, are available to satisfy all liabilities and other obligations of such Fund. If a Fund defaults on secured indebtedness, the lender may foreclose and the Fund could lose its entire investment in the collateral for such loan. If the Fund itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability. Furthermore, to the extent that a Fund draws capital from a subscription line or NAV Facility (as defined below) to fund investments (rather than drawing down capital from investors' undrawn commitments), the amount and timing of contributions and distributions to the general partners may be affected in a manner that may have potentially adverse consequences to investors.

No assurance can be given that financing for a Fund's investments will be obtained by the Fund, or obtained on favorable or acceptable terms, including terms which reflect the financing provided by the Fund. In addition, once initial financing is obtained by a Fund, no assurance can be given that such financing will subsequently be available throughout the life of the Fund or any individual investment, or that replacement financing can be obtained as intended by us. If a Fund is unable to obtain financing, this may have a material adverse effect on the Fund's ability to achieve its investment objectives and the return on invested capital.

*Subscription Line.* Certain Funds expect to enter into a subscription line with one or more lenders in order to finance their operations (including the acquisition of the Funds' investments and the payment of expenses). A subscription line subjects investors to certain risks and costs, including many of those discussed above in "*Leverage*". For example, because amounts borrowed under a subscription line typically are secured by pledges of the general partners' rights to call capital from investors, investors may be obligated to contribute capital on an accelerated basis if a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any investors claims against a Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, a subscription line will result in incremental expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the investors and the terms of the Governing Documents, it may be higher than the interest rate an investor could obtain individually. Conflicts of interest may arise in that the use of such facilities may, and likely would,

delay the need for investors to make certain contributions to a Fund, which has the potential to enhance a Fund's performance figures and thereby benefit us and our affiliates. To the extent a particular investor's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases a Fund's reported net returns in certain methods of calculation.

A credit agreement for a subscription line may contain other terms that restrict the activities of a Fund and investors or impose additional obligations on them. For example, a subscription line may impose restrictions on the general partner's ability to consent to the transfer of an investor's interest in a Fund. In addition, in order to secure a subscription line, we may request certain financial information and other documentation from investors to share with lenders. We will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more investors.

A subscription line involves a number of additional risks. For example, drawing down on a subscription line allows us to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. To the extent provided in the Governing Documents, any such borrowing may remain outstanding for such time as we deem appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that may decrease net returns of a Fund. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for investors that would not arise had we called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when we expect to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses.

*NAV Facilities.* Certain Funds and/or one or more subsidiaries or special purpose vehicles may enter into "NAV" facilities (each such facility, a "NAV Facility"), which generally will be secured in whole or in part by any or all of a Fund's or a borrowing subsidiary's assets, including Portfolio Investments or distributions in respect thereof. A NAV Facility subjects investors to certain risks and costs, including many of those discussed above in "*Leverage*" and "*Subscription Line*". In connection with such transactions, we have authority to pledge all or certain of a Fund's Portfolio Investments, including on a cross-collateralized basis, without taking into account the potential for non-pro rata investments by investors as a result of any particular investor's opt-out rights. An investor may also be required to fund amounts to repay NAV Facility borrowings incurred in connection with an investment or managing a Fund's investment portfolio even if such investor did not participate in the relevant investment(s) in connection with which such borrowings were incurred. NAV Facility lenders may foreclose on a Fund's assets if a Fund fails to repay the amounts borrowed under a NAV Facility or experiences another event of default, which could have a material adverse effect on the value of an investor's investment in a Fund.

*Licenses or Other Authorizations.* Certain federal and local banking and other regulatory bodies or agencies inside or outside the United States may require a Fund to obtain licenses or similar authorizations to engage in various types of lending activities, including investment in senior loans. Such licenses or authorizations may take a significant amount of time to obtain, and may require the disclosure of confidential information regarding the Fund, or us or our affiliates, including financial information and/or information regarding officers and directors of such investor, and the Fund may or may not be willing or able to comply with these requirements. In addition, there can be no assurance that any such licenses or authorizations would be granted or, if so, would not impose restrictions on the Fund. Alternatively, a Fund may be able to structure potential investments in a manner which would not require such licenses and authorizations, but which would be inefficient or otherwise disadvantageous for the Fund and/or the borrower. The inability of a Fund to obtain such licenses or authorizations, or the structuring of an investment in an inefficient or otherwise disadvantageous manner, could adversely affect the Fund's ability to implement the strategy for the Fund and the Fund's results.

*Asset Valuations.* With certain limited exceptions, we determine valuations with respect to Fund investments in our sole discretion. The process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such investments and may differ from the prices at which such investments ultimately may be sold or disposed of. The exercise of discretion in valuation by the general partner gives rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees. See also "*Item 11 – Conflicts Related to the Valuation of Assets*" for a discussion of the conflicts of interests the Fund's valuation methodology presents.

*Commercial Mortgage Loans.* Certain Funds may hold directly or indirectly (e.g., through investments in commercial mortgage-backed securities or companies that originate, service or invest in mortgage loans) or be exposed to commercial mortgage loans. Commercial mortgage loans are generally secured by multi-family or commercial property and are subject to risks of delinquency and foreclosure, and risks of loss. The ability of a borrower to repay a loan secured by an income-producing property is dependent primarily upon the successful operation of such property. 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, among other things,

- tenant mix;
- success of tenant businesses;
- property management decisions;
- property location and condition;
- competition from comparable types of properties;
- changes in laws that increase operating expenses or limit rents that may be charged;

- environmental contamination at the property;
- the occurrence of any uninsured casualty at the property;
- changes in national, regional or local economic conditions and/or specific industry segments;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- increases in interest rates, real estate tax rates and other operating expenses;
- changes in governmental rules, regulations and fiscal policies, including environmental legislation; and
- “acts of God,” terrorism, social unrest and civil disturbances.

A commercial property may not readily convert to an alternative use in the event that the operation of such commercial property for its original purpose becomes unprofitable. In such cases, the conversion of the commercial property to an alternative use would generally require substantial capital expenditures. The liquidation value of any such commercial property may be substantially less, relative to the amount outstanding on the related commercial mortgage loan, than would be the case if such commercial property were readily adaptable to other uses.

*Residential Mortgage Loans.* Certain Funds may hold (e.g., through investments in residential mortgage-backed securities or companies that originate, service or invest in mortgage loans) or be exposed to residential mortgage loans. Residential mortgage loans are secured by single-family residential property and are subject to risks of delinquency and foreclosure and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon various factors, including the income or assets of the borrower. A Fund may hold or be exposed to non-prime or sub-prime residential mortgage loans (which are subject to higher delinquency, foreclosure and loss rates than prime residential mortgage loans), which could result in higher losses to such Fund. Non-prime and sub-prime residential mortgage loans are made to borrowers who have poor or limited credit histories and, as a result, do not qualify for traditional mortgage products. Because of the poor, or lack of, credit history, non-prime and sub-prime borrowers have materially higher rates of delinquency, foreclosure and loss compared to prime credit quality borrowers. Loans to non-owner occupied properties may present a greater risk of loss because these borrowers may be more likely to default on a mortgage loan than a mortgage loan secured by a primary residence of a borrower.

*Impact of Government Regulations.* Government authorities at all levels are actively involved in the regulation of land use and zoning, environmental protection and safety, and other matters affecting the ownership, use and operation of real property. Regulations may be promulgated that could restrict or curtail certain usages of existing structures, or require that such structures be renovated or altered in some manner. The promulgation and enforcement of such regulations could increase expenses, and lower the income or rate of return, as well as adversely affect the value of

any, of a Fund's investments. Operators are also subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. Compliance with, or changes in, these laws could reduce a Fund's returns.

*Pools of Whole Loans.* In connection with the acquisition of whole loans, a Fund may be required to purchase other types of mortgage assets as part of an available pool of mortgage assets in order to acquire the desired whole loans. These other mortgage assets may include mortgage assets that subject a Fund to additional risks. Acquisition of less desirable mortgage assets may impair the performance of the Fund and reduce returns to investors.

*Governmental Actions Affecting Mortgages and Mortgage Foreclosures.* Following the 2008 financial crisis, the federal government, state governments, consumer advocacy groups and others urged mortgage servicers to be aggressive in modifying mortgage loans to avoid foreclosure. COVID-19 and the resulting federal, state, and local governmental policies and initiatives (including the Coronavirus Aid, Relief, and Economic Security Act) have resulted in protections for certain eligible homeowners, including hardship mortgage forbearance and a temporary halt to foreclosures. In addition, numerous laws, regulations and rules were proposed recently by federal, state and local governmental authorities that would have delayed foreclosure, reduced or delayed payments by homeowners, forgiven debt and increased prepayments due to the availability of government-sponsored refinancing initiatives. Also, several courts, state and local governments and elected or appointed officials took steps to slow or prevent foreclosures, including certain federal and state legislators calling for a more broad-based moratorium on foreclosures generally. While many of these initiatives were not adopted, governmental bodies could renew their focus on slowing or preventing foreclosures, which could adversely affect a Fund if a substantial amount of its capital is invested in residential mortgage loans.

*Predatory and Other Lending Laws.* A Fund may be subject to liability for potential violations of predatory and other lending laws, which could adversely impact the Fund's operations, financial conditions and business.

Under the anti-predatory lending laws of some states, the origination of certain residential mortgage loans must satisfy a net tangible benefits test with respect to the related borrower. This test can be highly subjective and open to interpretation. As a result, a court could determine that a residential mortgage loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied.

Failure of residential mortgage loan originators or servicers to comply with these laws, to the extent any of their residential mortgage loans become part of a Fund's mortgage-related assets, could subject such Fund or a Portfolio Investment, as assignees or purchasers of the related residential mortgage loans, to monetary penalties and could result in the borrowers attempting to rescind the affected residential mortgage loans. If the loans are found to have been originated in violation of predatory or abusive lending laws, and a Fund or such Portfolio Investments have no rights to indemnification or the sellers are unable to meet their indemnification obligations, such Fund could incur losses, which could reduce the Fund's returns.

*Harmful Mold and Other Air Quality Issues.* When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains

undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of a Fund's properties could require such Fund to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose a Fund to liability from its tenants, employees of its tenants, and others if property damage or health concerns arise.

*Americans with Disabilities Act and Similar Laws.* Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. If one of the properties in a Fund's portfolio does not comply with the ADA, such Fund may incur costs to bring the property into compliance, which may or may not have been foreseen at the time of acquisition. Future changes to federal, state and local laws also may require modifications to a Fund's properties, or restrict a Fund's ability to renovate its properties. A Fund cannot predict the ultimate cost of compliance with the ADA or other legislation. If a Fund incurs substantial costs to comply with the ADA and any other similar legislation, such Fund's financial condition, operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.

*Changes in Prepayment Rates.* Changes in prepayment rates could reduce the value of mortgage loans directly held by a Fund or underlying a security held by such Fund. In the case of residential mortgage loans, there are seldom any restrictions on borrowers' abilities to prepay their loans. Borrowers tend to prepay loans faster when interest rates fall. Consequently, owners of the loans have to reinvest the money received from the prepayments at the lower prevailing interest rates. Conversely, borrowers tend not to prepay loans when interest rates rise. Consequently, owners of the loans are unable to reinvest money that would have otherwise been received from prepayments at the higher rates. The negative effect of the rate increase on the market value of MBS is usually more pronounced than it is for other types of fixed-income securities.

*Risks of Investing in REITs.* A Fund may organize one or more entities treated as a REIT through which the Fund would make investments. The risks that a Fund's investments in REITs will subject the Fund to are similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. In addition, qualification as a REIT involves the application of highly technical and complex provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), for which there are only limited judicial or administrative interpretations, and the determination of various factual matters and circumstances not entirely within the REIT's control. If any REIT fails to maintain its qualification as a REIT in any taxable year, and certain relief provisions do not apply, the REIT would be subject to tax on its taxable income at regular corporate rates. In such an event, distributions by the REIT to a Fund or its investors would, to the extent of earnings and profits, be taxable to such investors as ordinary dividends.



*Risks Associated with Service Providers.* In addition to risks associated with attempting to predict default and recovery rates on mortgages that a Fund may acquire or to which it otherwise has exposure, the creditworthiness, servicing practices and viability of the service providers of such mortgages are also significant risks. Illiquidity and unpredictability in these markets make it difficult to determine whether such service providers have sufficient capital and adequate staffing levels to fulfill their servicing obligations and the extent to which such service providers are subject to regulatory risks and risk of error.

A Fund will also be exposed to these and other risks to the extent it has a financial interest in a service provider or otherwise engages in servicing activities. While a Fund may utilize (or replace existing service providers with) affiliated service providers, there can be no assurance that any such affiliated service provider will be successful or will have a positive impact on such Fund's performance.

*Investments in Troubled Assets.* Certain Funds may make substantial investments in nonperforming, underperforming or undercapitalized real estate companies or other troubled assets that involve a degree of financial risk and are experiencing, or are expected to experience, severe financial difficulties, which they may never overcome, therefore leading to a loss of some or all of the Fund's investment. Portfolio Investments may have been originated or sponsored by financial institutions that are insolvent, in serious financial difficulty or no longer in existence. As a result, the recourse to the selling institution may be adversely affected. In addition, certain of a Fund's investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code. Further, investments in entities that later file for relief as debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to litigation that could further impair the value of the investment. For example, under U.S. law, in certain circumstances, lenders that have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances under U.S. law, payments to a Fund and distributions by a Fund to its investors may be reclaimed in such proceedings if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment or the equivalent under the laws of certain other jurisdictions. Non-U.S. jurisdictions present analogous or different credit issues. Bankruptcy laws typically would delay the ability of a Fund to realize on collateral for loan positions held by it or adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws generally also permit the restructuring of debt without a Fund's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to such Fund.

*Investments in Land / New Development; Risk of Fraud.* Certain Funds expect to acquire direct or indirect interests in undeveloped land or underdeveloped real property, which often is non-income producing. To the extent that a Fund invests in such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include those risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of a Fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development

activities once undertaken, any of which could have an adverse effect on a Fund and on the amount of proceeds available for distribution to the Fund's partners. Properties under development or properties acquired for development generally produce little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. Further, if market conditions change during the course of development, it would make such development less attractive than at the time it was commenced.

Moreover, investments in new development activities could be susceptible to irregular accounting or other fraudulent practices. In the event of fraudulent activity related to any Portfolio Investment, the applicable Fund may suffer a partial or total loss of capital invested in that investment. There can be no assurance that any such losses will be offset by gains (if any) realized on such Fund's other Portfolio Investments.

*Managers and Their Portfolio Investments.* In addition to traditional portfolio company investments, the TPG NEXT Funds (also referred to simply as the "Funds" in this section) invest in (i) Managers and (ii) other Portfolio Investments. Such Managers and their Portfolio Investments are expected to have varied investment strategies and objectives, most likely differentiating from those of the Fund. However, a common theme of the Fund's investments is that they will be in, or associated with, Managers that are chronically underrepresented in alternative asset management. Therefore, the Funds will be subject to risks specific to the distinct business and investment profile of each Manager and each of their associated Portfolio Investments and underlying portfolio companies. Such risks are expected to include, but are not limited to, the following:

- *Private Fund Manager Investments.* The Funds are expected to invest in Managers that sponsor, manage and/or invest in private funds. The success of such Managers will depend on the successful implementation of their private funds' respective investment strategies and the alternative asset management industry generally and are subject to numerous and risks and uncertainties.
- *Private Fund Investments.* The private fund asset class comprises a wide range of strategies and investment types, and the investment strategies pursued by Managers and their Portfolio Investments are expected to vary, which investment strategies are expected to include but not be limited to private equity, venture capital, real estate and other real asset, senior credit, public capital and opportunistic investing. There are many investment-related risks associated with such types of investments which could impair the performance and value of the Fund's investments. In addition to the foregoing investment-related risks (which also generally apply to the underlying investments by such Portfolio Investments), the following is a non-exhaustive list of certain of such investment-related risks:
  - *Private Illiquid Investments.* The Managers' Portfolio Investments are generally expected to invest in private illiquid securities and investments (among other types of securities), which are often long-term in nature and subject to restrictions on resale. As a result, there is a significant risk that the Managers may be unable to dispose of investments at attractive prices and/or that they will otherwise be unable to complete any exit strategy of their underlying funds.

- *Controlling Interests.* The Managers and their Portfolio Investments in which the Funds invest may take controlling interests in a substantial portion of their underlying portfolio companies under management. Their exercise of control over their portfolio companies may impose additional risks of liability for a variety of reasons. If these liabilities were to arise, such Managers and their Portfolio Investments (and indirectly the Funds) might suffer a significant loss.
- *Broad Investment Mandate.* The investment strategy of private funds is generally opportunistic in nature and covers a broad range of asset classes, geographic regions and industries. The Managers' Portfolio Investments may make investments throughout the capital structure of an issuer such as senior secured debt, bank debt, unsecured debt, subordinated debt, mezzanine securities, convertible bonds, preferred equity and common stock. Such Portfolio Investments of the Managers may also make equity, credit and/or debt investments that involve control or influence over an underlying entity. Additionally, the Portfolio Investments of the Managers may invest in any number of companies operating in a wide range of industries, geographies or activities, and as a result, may be exposed to a wide range of risks.
- *Buyout Investments.* The Managers' Portfolio Investments in which the Funds invest may themselves invest in leveraged buyouts, which by their nature require companies to undertake a high ratio of leverage to available income. Leveraged companies are inherently more sensitive to declines in revenues and increases in expenses.
- *Venture Capital Fund Investments.* The Portfolio Investments in which the Funds invest may themselves invest in venture capital investments. Such investments generally involve more risk than investments in private equity funds focused on later-stage investing, due to the nature of the companies in which venture capital investments are made. Venture capital investing tends to be more speculative; there is a greater risk of loss, which may be up to the entire amount invested because the underlying companies are generally attempting to do business in nascent or developing areas (in which the business models are not yet proven); and the competition for gaining market share or a proven product may be particularly intense. Investments in Portfolio Investments that make venture capital investments are highly illiquid, and there is no guarantee that any applicable Portfolio Investment (and in turn, the Funds) will be able to realize its investments in the expected timeframe. In many instances, a venture capital investment may require additional infusions of capital in order to protect earlier investments, although there is no guarantee that such additional investments will lead to a successful investment by a Manager or Portfolio Investment that makes such investments.
- *Real Estate Investments:* The Managers' Portfolio Investments in which the Funds invest may themselves invest in real estate private equity investments. Real estate private equity investments are subject to special risks including, but not limited to: (i) adverse changes in the general economic climate, (ii) adverse local market conditions, including the availability of excess supply of property relative to demand, (iii) changes in the availability of debt financing, (iv) credit risk arising from the financial condition of tenants, buyers and sellers of properties, (v) interest rate risk, (vi) changes in real estate taxes and other operating expenses, (vii) changes in government regulations,

such as those governing land usage, improvements, zoning, environmental laws and regulations, (viii) liability arising out of the presence of certain construction materials, (ix) uninsurable losses and other factors beyond the control of the applicable Manager, (x) inability to obtain accurate valuations and (xi) risk of additional taxes imposed by the country in which the real estate is located.

*Narrower Set of Investment Opportunities Given Diverse Alternative Asset Manager Focus; Highly Competitive and Dynamic Market for Investment Opportunities.* The TPG NEXT Funds are focused on investments in new and existing underrepresented alternative asset management firms. This focus represents a narrower subset of investment opportunities amongst alternative asset management firms and could cause us to make an investment or management decision with respect to an investment differently than it would have made in the absence of such focus, which carries the risk that a TPG NEXT Fund may perform differently than investment funds that do not take the diverse status of investees into account. The market for sourcing and executing transactions of the kind targeted by the TPG NEXT Funds are highly competitive, evolving rapidly, and involves a high degree of uncertainty. There can therefore be no assurance that the TPG NEXT Funds will be able to (i) locate, complete and exit investments that satisfy the TPG NEXT Funds' investment strategy or rate of return objectives or (ii) invest fully its available capital. The TPG NEXT Funds will be competing for investments with many other investors, including, without limitation, other investment partnerships and corporations, sovereign wealth funds, domestic and international public pension plans, individuals, financial institutions and other investors. Some of these competitors may have stronger relationships, more relevant experience, greater financial and other resources and/or more personnel than us. Further, over the past several years, an increasing number of private funds have been formed to target these transactions (and many existing funds (including more traditional secondaries funds) have grown substantially in size and increased their focus on this market). Additional funds with similar objectives may also be formed in the future by other unrelated parties. More generally, the availability of attractive investment opportunities will be subject to market conditions (such as interest rates and other macro-economic factors) and to structural conditions in the private capital markets, such as supply/demand for illiquid private funds as an asset class, the performance and value of investments held by private funds and the ability of such funds to realize, recapitalize and/or refinance their own investments in order to return capital to their investors. Higher valuations and increased liquidity and return of capital in the private funds market may result in fewer attractive investment opportunities being available for the TPG NEXT Funds. Likewise, changes in the prevailing terms and structures of private funds may impact the availability of opportunities, and the future pace and direction of such changes is difficult to anticipate. Finally, the TPG NEXT Funds expect to source their investment opportunities through our personnel and through the TPG platform.

*Risks Relating to any Restructuring or Liquidity Event.* Over time, the Funds may, in our sole discretion, take actions in an attempt to realize its investments or provide means of liquidity to the investors by offering all or substantially all of the investors' respective interests in the Fund and any alternative investment vehicle for public or private sale and in connection therewith, enter into transaction(s) involving a merger of the Funds or a direct or indirect sale of all or substantially all of the assets of the Funds that afford the investors an opportunity to receive, in exchange for all or substantially all of the investors' respective interests in the Funds, cash or liquidity securities (a

“Full Liquidity Event”). A Full Liquidity Event may include, but is not limited to, (i) a public offering or a listing of equity interests on a U.S. or non-U.S. securities exchange or comparable trading market, or a sale to a publicly-traded company (including, for the avoidance of doubt, a special-purpose acquisition company or an investment company under the Investment Company Act), (ii) an issuance of equity interests of the Fund pursuant to Section 4(a)(2) of the Securities Act, to qualified institutional buyers in the United States in reliance on Rule 144A and/or to institutional investors outside the United States pursuant to Regulation S of the Securities Act, with or without a concurrent listing on an exchange, a sale, contribution or other transfer of all or a significant portion of the Funds’ assets to, or an amalgamation, merger or other combination of the Funds (or its subsidiaries holding a significant portion of the Funds’ assets) with one or more other entities, (iii) a securitization of future income streams; (iv) a sale or transfer of the Funds to an existing private or public company in exchange for a more liquid security; (v) facilitating an in-kind distribution to one or more investors of such investors’ direct or indirect interests in one or more Portfolio Investments; (vi) another type of offering of securities or financing; (vii) any restructuring; and/or (viii) the implementation of any other plan or transaction that is intended to achieve a similar liquidity effect for the investors, as determined by us in our sole discretion. Subject to the terms of the Governing Documents, a qualified liquidity event shall have occurred in the case of: (a) a qualifying initial public offering, (b) a qualifying 144A offering or (c) a qualifying sale, as further described in the Governing Documents (a “Qualified Liquidity Event” and together with a Full Liquidity Event, a “Liquidity Event”). The approval of the advisory committee or the investors will not be required for us to implement any liquidity strategies. The Funds are under no obligation to take any of these actions and could face contractual, regulatory, market and/or other constraints on its ability to effect any of these actions. To the extent that the Funds are unable to realize their investments due to such constraints, the investors will not be able to realize their investments in the Funds and the value of such investments would be impaired.

Certain Liquidity Events may entail an exchange of an interest in a Fund for equity or other interests in one or more other entities. No assurance can be given that the economic or legal rights attributable to such post Liquidity Event interests will be as favorable to investors as the rights attributable to a Fund and no assurance can be provided that any such liquidity transaction will not result in adverse tax or financial consequences to investors. There can be no assurance that a Liquidity Event will ever occur or that if the Liquidity Event occurs, the value of the interests issued in connection with the Liquidity Event will equal or exceed that value of the investor interests issued in exchange therefor had such interests been retained. The risks associated with the ownership of any interests issued in connection with the Liquidity Event may be different, and may be greater, than the risks associated with an investment in an interest in a Fund. If investors convert, or are required to convert, all or a portion of their interests in a Fund into another form of interest in connection with a Liquidity Event, their rights and benefits as a holder of such interest may differ substantially from the rights and benefits that they have as investors in the Fund. If a Liquidity Event involves a listing or public offering of securities, due to current legal and regulatory considerations, it is possible such listing or offering may only be permitted to occur outside the United States.

A Fund could face contractual, regulatory and market constraints on its ability to effect a Liquidity Event. For example, to effect a public listing, a Fund may be required to provide certain information about each portfolio company in public filings, or otherwise to provide such

information to various government or private entities. If a Fund is not permitted by a portfolio company to disclose such information, it may not be able to carry out a Liquidity Event, or the potential venues for a Liquidity Event may be materially restricted. To the extent a Liquidity Event involves a non-U.S. initial public offering, sale and transfers to U.S. investors would likely be restricted only to certain qualified persons under applicable U.S. securities laws.

*Risk of Unsuccessful Liquidity Strategy.* We may choose to pursue a liquidity strategy within or outside the United States. If a Fund fails to execute a liquidity strategy successfully, the Fund may be forced to liquidate its assets on terms less favorable than anticipated and the disposition proceeds from such investments and remaining investments may be adversely affected. Alternatively, a Fund may choose to hold such investments indefinitely.

*Limitations on Availability of Exit Opportunities.* The Funds' ability to dispose of its investments may be limited for several reasons (some or all of which may be outside of the Funds' control), including the absence of an established market for such investments, as well as contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms upon which a disposition could be made. Any possibility of a disposition in the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which the Funds invest and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors. Furthermore, investments in Managers by their nature are subject to industry cyclicity, downturns in financial markets, market disruptions and the lack of available capital for potential purchasers and are therefore often difficult or time-consuming to liquidate.

*Revenue Participation Rights; Equity Interests.* While investments in the Managers are expected to offer the opportunity for capital gains, such investments involve a high degree of business and financial risk and can result in substantial losses. These risks include, but are not limited to, risks associated with investments in the Managers or their Portfolio Investments at an early stage of development or with little or no variations in operating results. Although it is anticipated that the Funds will not control (i.e., acquire a controlling interest or control voting board seats) or make decisions on behalf of any Manager, the Funds intend to own economic interests in the Managers and may seek to have observer rights and other transparency rights with respect to such Manager. It is possible that third parties (including regulators) will try to impose liability on a Fund in connection with the operations of the Managers. If successful, any such liability could adversely affect the performance of a Fund. The Funds' interests in the Managers may be subordinated to indebtedness or other interests that rank senior to the Funds' investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of a Fund's investment. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of an underlying portfolio company, holders of securities ranking senior to a Fund's investment would typically be entitled to receive payment in full before distributions could be made to a Fund. After repaying senior security holders, the underlying portfolio company may not have any remaining assets to use for repaying amounts owed to a Fund. To the extent that any assets remain, holders of claims that rank equally with a Fund's investment would likely be entitled to share only on an equal and ratable basis in distributions that are made out of those assets.

The Managers may also have “benchmarks”, “hurdles” or “preferred returns” whereby the investment management company does not earn performance-based income during the current period, as a result of losses in prior periods (or where current period results did not satisfy such benchmarks, hurdles or preferred returns), even though the managed investment funds had positive returns in the current period. If a fund managed by a Portfolio Investment experiences losses (or fails to meet performance benchmarks or preferred returns), such Managers will not be able to earn performance-based returns from that Manager’s Portfolio Investment until it satisfies such benchmarks or preferred returns.

The returns on the Funds’ investments in the Managers will depend on the profitability of the Managers, who will retain control over the operations, budgets, expenses, compensation and revenues of their respective firms. It is possible that a Manager may make decisions in the exercise of its discretion over these items that may adversely affect its performance or cash flows available for distribution by a Fund.

The Managers may make distributions to a Fund that are subject to clawback arrangements. The terms of a Fund’s investments in the Managers may require a Fund to return such distributions upon the occurrence of certain circumstances. Accordingly, a Fund may set aside amounts otherwise distributable to investors for the purpose of making clawback payments to asset managers, should they arise. Amounts set aside to fund clawback payments will reduce the amount of funds available for distribution to the investors.

*Investors Will Not Have Direct Interests in Managers.* The offering of the interests in the Funds does not constitute a direct or indirect offering of interests in any Manager. Investors will not be limited partners of, or equity holders in, any Manager, will have no direct interest in any Manager and will have no voting rights in a Manager or standing or recourse against any Manager by reason of their investment in a Fund. Moreover, none of the investors will have the right to participate in the control, management or operations or have any discretion over the management, of any Manager by reason of their investment in a Fund.

*Managers’ Internal Conflicts.* Managers and/or their affiliates will experience various internal conflicts of interest similar to those faced by us and the Funds and there can be no assurance that such conflicts of interest will be resolved in a manner that is favorable to the Fund or its Portfolio Investments. One type of conflict of interest involves the overlap of investment strategies by different investment funds managed by a Manager in which a Fund acquires an interest. Such overlapping investment strategies may result in conflicts related to such Manager’s allocation of investment opportunities among its clients, and there can be no assurance that allocation decisions will be resolved by a Manager in a way that is favorable to a Fund and its Portfolio Investments. In addition, such Managers may engage in other transactions with affiliated parties on terms and conditions not determined through arm’s-length negotiations. We will often not be in position to monitor these sorts of conflicts of interest and such conflicts of interest may diminish returns to investors.

*Managers’ Misconduct or Bad Judgment.* It will be difficult and likely impossible for us to protect a Fund from the risk of Manager fraud, misrepresentation or material strategy alteration. Managers will be motivated to pay out greater portions of their revenue as salaries, bonuses and other similar expenses, in order to shift income that would otherwise be shared with a Fund to expenses that are

payable to other principals of such Manager that are also employees. If a Manager acts inconsistently with applicable laws and regulations or takes actions that cause disrepute, such actions are likely to adversely affect a Fund in its capacity as an investor in the Manager, and could damage the Fund's reputation, which can be expected to adversely impact the Fund's ability to complete investments in other Managers and realize its investment objective.

*Misconduct and Regulatory Non-Compliance and Fund Reputation; Bad Acts of Managers or Employees.* The Funds' investments in Managers and their Portfolio Investments may expose us, the general partner and the Funds to public scrutiny. In an industry that is reliant to a very large extent on reputation and regulatory compliance, regulatory non-compliance and misconduct by portfolio managers or employees of a Manager, a Manager's Portfolio Investments, their portfolio companies or its third-party service providers could cause significant losses, directly or indirectly, to a Manager's Portfolio Investments and/or its portfolio companies and, consequently, to the Funds. In addition, portfolio managers, employees and third-party service providers of a Manager or any Portfolio Investment may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Portfolio Investment's business prospects or future marketing activities.

While we perform a detailed assessment on Managers on a variety of key investment, operational and legal areas, there can be no assurance that such assessment will identify or prevent any such misconduct or all other potential risks, problems or issues with the Managers or other Portfolio Investments, which may negatively impact the performance of the Funds.

*Key Person Risks.* Some Managers are expected to consist of only one or a limited number of principals. If the services of such principals became unavailable, the Funds would be more susceptible to losses. The Funds expect to be entitled to receive a portion of a Portfolio Investment's income. In certain circumstances, this may motivate key managerial personnel of the relevant Manager to leave to seek employment at a new entity that is not subject to a requirement to share income with the Funds (and thus has greater flexibility to share income with key personnel) or create one or more new entities not affiliated with the existing Manager in order to avoid sharing the new entity's income. The loss of one or more key individuals could have a material adverse effect on the performance of the Funds.

*New and Less-Established Managers.* The Funds expect to invest in Managers that have relatively low levels of assets under management, limited direct experience managing investment vehicles and/or limited or no experience managing certain of the strategies expected to be deployed by them in their investment program. Subject to the Governing Documents, certain Funds may invest a substantial portion of their investments with such Managers. An investment by the Funds in such Managers is expected to entail additional risks. For example, such Managers may not yet have established its infrastructure, may have infrastructure that has been newly established or may have fewer dedicated resources and less developed marketing and other capabilities when compared with managers that have higher levels of assets under management. Such Managers may also have less robust processes, procedures and controls to help address regulatory compliance and cybersecurity risks. Investments in such Managers may involve greater risks than are generally associated with investments in more established managers. Such Managers would have shorter operating histories on which to judge performance and may not have significant or any operating revenues. Such Managers also may have a lower capitalization and fewer resources (including



cash) and be more vulnerable to failure, resulting in the loss of a Fund's entire investment in such Managers. In addition, less mature Managers could be more susceptible to irregular accounting or other fraudulent practices. The foregoing may have a material adverse effect on the performance of the Funds.

*Lack of Regulatory Oversight.* Portfolio Investments are not expected to be registered as investment companies under the Investment Company Act. Certain Managers may not be registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Therefore, the Funds will not be afforded certain protections provided by such acts.

*Attractiveness to Managers of an Investment by the Funds.* The Funds' structure, affiliation with TPG and/or investment objective may impair its ability to complete investments. We may seek to negotiate certain realization and monetization strategies including but not limited to liquidity events such as a sale of all or some of the Funds' interests in a Portfolio Investment. A prospective Manager may not be interested in investments by the Funds if required to disclose information that might be made public as part of a liquidity event or if it may ultimately result in an interest in such Manager potentially becoming one indirectly held by a publicly traded entity. In addition, while a portfolio company may feel comfortable with a Fund being a minority owner of its business, the associated Manager may not have the same view for potential transferees and, as such, may not approve a partial or full sale of the a Fund's interest in such Manager or other Portfolio Investment.

*Limited Transparency.* Although they will not control or make investment decisions with respect to a Manager's or Portfolio Investment's operations, the Funds may seek to influence or obtain certain favorable terms, such as a certain level of information from a Portfolio Investment or observer rights with respect to such operations. Some Managers may be unwilling to grant transparency rights for a variety of reasons, including due to confidentiality concerns. Alternatively, the we and/or our respective affiliates may elect not to receive certain information from a Portfolio Investment that they otherwise may have been entitled to receive, such as material non-public information about a Portfolio Investment in order to avoid trading restrictions for the Funds or their affiliates.

*Potential Exposure to Claims.* Although the Funds generally will not intend to control Managers, there can be no assurance that all third parties will not pursue claims against the Funds based on its relationship with and/or ownership of a Manager. Such claims could have an adverse financial or reputational impact on the performance of the Funds.

*Managers' Investments in Public Company Holdings.* A Manager's Portfolio Investments it manages may include publicly held companies, and, although unlikely, the Funds may invest directly in a publicly held Manager or other publicly-held Portfolio Investment and/or portfolio company. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the relevant Managers and/or the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the

principals of the Managers and/or the Funds, and increased costs associated with each of the aforementioned risks.

*Managers May Make Commitments in Excess of Their Funds' Capital Commitments.* Managers may make commitments to investments in excess of the total capital committed to funds managed or advised by such Manager. As a result, in certain circumstances, a Manager's Portfolio Investment may need to retain distributions from its investments or recall distributions or liquidate certain of its investments prematurely at potentially significant discounts to market value if that Manager's Portfolio Investment does not generate sufficient cash flow from its Portfolio Investments to meet these commitments. Likewise, a Fund may also be exposed to these risks if a Fund does not generate sufficient cash flow to satisfy its recall obligations to a Manager's Portfolio Investment.

*Clawback Payments to Managers and Their Funds.* Managers or their Portfolio Investments may make distributions to a Fund that are then distributed by the Fund to investors that are subject to clawback arrangements. For example, the terms of a Fund's investments in a Portfolio Investment may require the Fund to return such distributions to the Manager or that Manager's Portfolio Investment upon the occurrence of certain circumstances, such as, but not limited to, the failure of a fund managed by the Manager to achieve an overall level of profitability. Accordingly, a Fund may set aside amounts otherwise distributable to investors or recall distributions made to investors for the purpose of making clawback payments to the Managers, should they arise. Amounts set aside to fund clawback payments will reduce the amount of funds available for either distribution to investors or for making additional investments.

*Termination of Certain Managers' Funds.* The governing documents of a Manager's Portfolio Investment may permit such Portfolio Investment's investors to terminate the Portfolio Investment, or the applicable Manager's investment management agreement with such Portfolio Investment, in either case without the approval of the applicable Manager. In the event that a fund or an investment management agreement is terminated pursuant to such a provision, the applicable Manager will no longer be able to earn revenue from the management of such Portfolio Investment, which would adversely affect the profitability of the Fund's investment in such Manager or that Manager's Portfolio Investment.

*Changes in Expected Investment Objectives of Managers May Adversely Affect the Funds.* Managers may have the ability to change their investment objectives and strategies and economic and other terms of their funds after the Funds have made their investment in such Manager and any such change may be adversely different than the our expectations. The Funds may be unable to reduce or withdraw their investments.

*Ability of Managers to Enter New Lines of Business.* A Manager may enter into new lines of business not anticipated by the Funds at the time the Funds made their investment in the Manager or that Manager's Portfolio Investment(s). The Funds will likely not have the ability to prevent a Manager from taking such action and may not have the ability to reduce or withdraw its investment following such a decision. As a result, such a decision by a Manager may negatively impact the performance of the Funds.

*Manager Indemnification.* The governing documents of the Managers' Portfolio Investments managed or advised by such Managers are expected to include provisions that would require such Portfolio Investment to indemnify their general partners or investment managers and their respective current and former partners, members, officers, directors, stockholders, agents, employees, personnel and other affiliates and any other person who serves at the request of their general partners or investment managers for certain claims, losses, judgments, damages and expenses arising out of their activities on behalf of such Portfolio Investment. Such indemnification obligations would decrease the returns to the investors in the Manager's Portfolio Investment and, consequently, to investors. Furthermore, to the extent that the assets of a Manager's Portfolio Investment are insufficient to satisfy such indemnification obligations, a Fund may be liable to the extent of any previous distributions it received from the that Portfolio Investment. If a Fund is required to return a distribution previously received from a Manager's Portfolio Investment, and the Fund has already distributed such funds to its investors, the remaining investors may bear a disproportionate share of the loss to the extent such funds are not subject to recall by the Fund. A Fund may also recall distributions made to its investors to satisfy such indemnification obligations. In addition, a Fund may be required to indemnify a Manager or its Portfolio Investments for certain claims, losses, damages, judgments and expenses arising out of any breach by the Fund of representations, warranties, certifications, covenants or agreements made to or with the Manager and/or a Manager's fund which may have been caused by an investor breach. Depending on the timing and magnitude of any amount paid or payable by a Fund, such indemnification obligation could adversely impact the Fund and the value of any investor's interest.

*Investments in Multiple Alternative Asset Management Firms.* While investment in a variety of asset management firms may provide some diversification of investment risk, no assurance can be given that such diversification will occur, or if it does, that it will not reduce, rather than increase, potential net profits. Also, investment in multiple investment management firms may cause the Funds to indirectly hold opposing positions in an underlying investment, thereby negating, in whole or in part, the positive returns, if any, from such investments. Managers that employ similar investment strategies and make overlapping investments may result in the Funds having increased exposure with respect to such underlying investments. Additionally, Managers may have overlapping investment interests, may participate in the same auction process for a prospective investment and/or may oppose one another as buyer and seller in respect of an investment. Such an overlap of interests may result in competition between such Managers for the same investment opportunities. In addition, such Managers may engage in other transactions with affiliated parties on terms and conditions not determined through arm's-length negotiations. We are not expected to be in position to monitor these sorts of conflicts of interest and such conflicts of interest may diminish returns to the investors.

*Portfolio Investment Accounting and Reporting.* If a Portfolio Investment under-reports to a Fund the amount of revenues or income (as applicable) that it has generated or attempts to use other accounting or other methods in order to avoid its obligations to share revenues or income (as applicable) with the Fund, the Fund may be adversely affected. In connection with its investments in Managers and Portfolio Investments, the Funds intend to seek investment terms designed to prevent any such under-reporting or similar circumvention of the Funds' economic participation, including rights for the Funds to receive periodic and other reports and similar information from a Portfolio Investment, rights to inspect financial records and/or a requirement that professional

outside accountants periodically audit the financial reports of a particular Portfolio Investment. However, there is no assurance that such investment terms will fully protect the Funds from such risks.

Similarly, while we typically intend to ascertain what, if any, transaction fees or directors', advisory, consulting, monitoring, banking or other similar types of fees the Managers receive from their Portfolio Investment and underlying portfolio companies, as well as the extent to which such other fees are offset against the management fees that are earned by the Managers, we will not be in a position to negotiate the level of any such offset or to determine whether such managers are correctly calculating such other fees or fee offsets.

*Proposed Private Fund Rules.* On February 9, 2022, the SEC proposed certain rules and amendments under the Advisers Act to enhance the regulation of private fund advisers (the "Proposed Private Fund Rules") that, if adopted in their current form, would affect investment advisers, including us and Managers, by (i) requiring such investment advisers to comply with additional reporting and compliance obligations, (ii) prohibiting certain business practices, (iii) prohibiting certain types of preferential treatment offered by such investment advisers to certain (but not all) investors in a private fund, including, among other things, the provision of information regarding portfolio holdings of the private fund or of a substantially similar pool of assets, and (iv) prohibiting other forms of preferential treatment for certain (but not all) investors without providing sufficiently detailed written disclosures about such preferential treatment to prospective and current investors. In addition, to the extent that an investment vehicle of a Manager is considered a "private fund" within the meaning of the Proposed Private Fund Rules, such Manager would be required to disclose to its prospective and current investors any side letter agreement entered into by the Funds (or any other preferential treatment received by the Fund) in the Funds' capacity as an investor in the Manager or in a Portfolio Investment managed by the Manager.

There is no "grandfathering" under the Proposed Private Fund Rules, and therefore a Manager would be obligated to comply with the Proposed Private Fund Rules with respect to the private funds it manages within one year after the effective date of the final rule. There can be no assurance that the Proposed Private Fund Rules will be adopted in the form proposed, or at all, and if adopted in any form, when such Proposed Private Fund Rules would take effect. These proposed rules could increase a Manager's compliance burdens and associated regulatory costs. In addition, even if not adopted, evaluating and responding to proposed rules could result in increased costs and require significant attention from management, and the new or proposed rules enhance the risk of regulatory action, which could have an adverse impact on the Funds.

*Environmental, Social and Governance Matters.* We maintain a Global ESG Performance Policy, which we intend to apply, as applicable, to the Funds' investment portfolios. Depending on the investment, the impact of developments connected with ESG factors, including worker health and safety, environmental compliance, and bribery and corruption, could have a material effect on the return and risk profile of any investment. The act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by us, Y Analytics, or a third-party ESG advisor will reflect the beliefs or values, internal policies or preferred practices of any particular investor, other asset managers or with market trends. Considering ESG factors when evaluating an investment in certain circumstances may, to the extent material risks associated with an investment are identified, cause us not to make an

investment that we would have made or to make a management decision with respect to an investment differently than we would have made in the absence of such consideration, which carries the risk that the Funds may perform differently than investment funds that do not take ESG factors into account. Additionally, ESG factors are only some of the many factors we consider in making an investment. Although we consider application of our ESG policy to be an opportunity to enhance or protect the performance of investments over the long-term, there is no guarantee that the Funds will make investments that create positive ESG impact or that consideration of ESG factors will enhance long-term value and financial returns for any investor. Successful engagement efforts on the part of us, Y Analytics, or a third-party ESG advisor will depend on our skill in properly identifying and analyzing material ESG and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful.

The materiality of ESG risks and impacts on an issuer or an individual asset and on a portfolio as a whole depends on many factors, including the relevant industry, location, asset class and investment style. ESG factors, issues and considerations do not apply in every instance or with respect to each investment held, or proposed to be made, by the Funds, and will vary greatly based on numerous criteria, including, but not limited to location, industry, investment strategy and issuer-specific and investment-specific characteristics. In evaluating a prospective investment, we often depend upon information and data provided by the entity or obtained via third-party reporting or advisors, which may be incomplete or inaccurate and could cause us to incorrectly identify, prioritize, assess or analyze the entity's ESG practices and/or related risks and opportunities. We do not intend to independently verify certain of the ESG information reported by investments of the Funds, and may decide in its discretion not to utilize certain information provided by such investments. To the extent that we provide reports of material ESG issues to investors, such reports will be based on our or our applicable investment management team's sole and subjective determination of whether a material ESG issue has occurred in respect of an investment.

In addition, our ESG framework, including the Global ESG Performance Policy and associated procedures and practices, is expected to change over time. We are permitted to determine in our discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other considerations. It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for us to adhere to all elements of the Funds' investment strategies, including with respect to ESG risk and opportunity management and impact, whether with respect to one or more individual investments or to the Funds' portfolios generally. Finally, there is also growing regulatory interest, particularly in the U.S., UK and EU (which may be looked to as models in growth markets), in improving transparency around how asset managers define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. There may also be an increase in related enforcement through efforts such as those of the SEC's Climate and ESG Enforcement Task Force, established in March 2021. We and our ESG program could become subject to additional regulation in the future, and we cannot guarantee that our current approach (including the Global ESG Performance Policy) or the Funds' investments will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement.

*European Sustainability-Related Disclosure and Reporting Frameworks May Lead to Increased Compliance Costs.* On June 22, 2020, the Official Journal of the European Union published a classification system that establishes a list of environmentally sustainable economic activities and

sets out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, “Taxonomy Regulation”). The Taxonomy Regulation, amongst other things, introduces mandatory disclosure and reporting requirements and supplements the framework set out in the Sustainable Financial Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, “SFDR”), which requires certain disclosures in relation to whether and, if so, how sustainability risks and negative impacts on environmental and social factors are taken into account in the investment process. Financial products that have a sustainable investment objective or which promote environmental or social characteristics have an obligation to disclose such an objective or characteristics in pre-contractual disclosures and report on an ongoing basis their performance in achieving those commitments, among other things.

The disclosure requirements in the SFDR are supplemented by the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

Compliance with frameworks of this nature may create an additional compliance burden and increased legal, compliance, governance, reporting and other costs to funds, fund managers and/or Portfolio Investments because of the need to collect certain information to meet the disclosure requirements. In addition, where there are uncertainties regarding the operation of the framework, a lack of official, conflicting or inconsistent regulatory guidance, a lack of established market practice and/or data gaps or methodological challenges affecting the ability to collect relevant data, funds and/or fund managers may be required to engage third-party advisors and/or service providers to fulfill the requirements, thereby exacerbating any increase in compliance burden and costs. Compliance with requirements of this nature also increase risks relating to financial supervision and enforcement action. To the extent that any applicable jurisdictions enact similar laws and/or frameworks, there is a risk that the Funds may not be able to maintain alignment of a particular investment with such frameworks, and/or may be subject to additional compliance burdens and costs, which might adversely affect the investment returns of the Funds.

*Acts of God; Availability of Insurance Against Certain Catastrophic Losses.* A Fund’s investments may be susceptible to the effects of “Acts of God,” including earthquakes, floods, hurricanes, tropical storms, fires or other natural disasters, pandemics, electricity shortages or other similar national or local emergencies, that are beyond our control and not easily foreseeable. Funds seek to ensure that Portfolio Investments maintain appropriate liability, flood, extended coverage and other insurance. However, certain losses of a catastrophic nature, such as those caused by wars, earthquakes, severe weather, terrorist attacks or other similar events, will either be uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the

related investments. In general, losses related to terrorism can be hard and expensive to insure against. Some insurers are excluding terrorism coverage from their all-risks policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a Portfolio Investment. As a result, not all investments will be insured against terrorism or other catastrophes. If a major uninsured loss occurs, a Fund could lose both invested capital in, and anticipated profits from, the affected investments.

*Weather and Climate Risk.* Global climate change is widely considered to be a significant threat to the global economy. Real estate assets in particular may face risks associated with climate change, including risks related to the impact of climate-related legislation and regulation (both domestically and internationally), risks related to climate-related business trends, and risks stemming from the physical impacts of climate change, such as the increasing frequency or severity of extreme weather events and rising sea levels and temperatures. Additionally, the Paris Agreement and other regulatory and voluntary initiatives launched by international, federal, state and regional policymakers and regulatory authorities as well as private actors seeking to reduce greenhouse gas emissions may expose real estate assets to so-called “transition risks” in addition to physical risks, such as: (i) political and policy risks (e.g., changing regulatory incentives and legal requirements, including with respect to greenhouse gas emissions, that could result in increased costs or changes in business operations), (ii) regulatory and litigation risks (e.g., changing legal requirements that could result in increased permitting, tax and compliance costs, changes in business operations, or the discontinuance of certain operations, and litigation seeking monetary or injunctive relief related to impacts related to climate change), (iii) technology and market risks (e.g., declining market for assets, products and services seen as greenhouse gas intensive or less effective than alternatives in reducing greenhouse gas emissions) and (iv) reputational risks (e.g., risks tied to changing investor, customer or community perceptions of an asset’s relative contribution to greenhouse gas emissions). We cannot rule out the possibility that climate risks, including changes in weather and climate patterns, could result in unanticipated delays or expenses and, under certain circumstances, could prevent completion of investment activities or the effective management of real estate assets once undertaken, any of which could have a material adverse effect on an investment, or the Funds.

*Environmental and Similar Liabilities.* A Fund may be exposed to substantial risk of loss from claims arising from Portfolio Investments involving undisclosed or unknown environmental, health or occupational safety matters, or problems with inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. A Fund intends to explore obtaining environmental liability insurance on a case-by-case basis. Under various federal, state and local laws, ordinances and regulations, an owner of real property is liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Some laws impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner’s liability therefor as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, would adversely affect the owner’s ability to sell the real estate or to borrow funds using such property as collateral, which generally would have an

adverse effect on a Fund's return from such Portfolio Investment. Environmental claims with respect to a specific Portfolio Investment may exceed the value of such Portfolio Investment, and, under certain circumstances, subject the other assets of a Fund to such liabilities. In addition, even in cases where a Fund is indemnified or insured against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the indemnitor or insurer to satisfy such indemnities or insurance or the ability of the Fund to achieve enforcement of such indemnities or insurance.

*Litigation at the Property Level.* The acquisition, ownership and disposition of real properties entails litigation risks, including in relation to activities that took place prior to a Fund's acquisition of such property. In addition, buyers of the Portfolio Investments may later sue a Fund for breaches of representations and warranties, losses associated with latent defects or other problems not uncovered in due diligence.

*Eurozone Risks.* Certain Funds will invest in European properties and other assets that have operations affected by the Eurozone economy, including those denominated in the Euro. Since a financial crisis emerged in Europe in 2010, continued concerns regarding the sovereign debt of various Eurozone countries and proposals for investors to incur substantial write-downs and reductions in the face value of sovereign debt have given rise to concerns about sovereign defaults, the possibility that one or more countries might leave the European Union or the Eurozone and various proposals (still under consideration and unclear in material respects) for support of affected countries and the Euro as a currency. Sovereign debt defaults and European Union and/or Eurozone exits could have material adverse effects on certain of a Fund's investments.

*General Business and Market Risks.* In addition to the risks highlighted in the preceding paragraphs, the investments made by a Fund involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks.

*Climate Change.* Global climate change is widely considered to be a significant threat to the global economy. Additionally, the Paris Agreement and other regulatory and voluntary initiatives launched by international, federal, state and regional policymakers and regulatory authorities, as well as private actors, seeking to reduce greenhouse gas emissions may expose businesses to so-called "transition risks" in addition to physical risks (e.g., changes in weather and climate patterns), such as: (i) political and policy risks; (ii) regulatory and litigation risks; (iii) technology and market risks; and (iv) reputational risks. Although a Fund's targeted investments do not fall within industries commonly identified as "carbon intensive" or directly addressing climate change, we cannot rule out the possibility that climate change-related risks could result in unanticipated expenses or other consequences, which could have a material adverse effect on an investment, or a Fund.

*Russian Invasion of Ukraine.* On February 24, 2022, the Russian military commenced a full-scale invasion of Russia's forces into Ukraine. In response, the United States, United Kingdom, the European Union and other countries imposed sanctions designed to target the Russian financial



system. Further sanctions may be forthcoming, and the United States and allied countries have announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions have had and could continue to have a negative impact on the economy and business activity globally (including in the countries in which the Funds or their Portfolio Investments could invest), and therefore could adversely affect the performance of the Funds' or their portfolio investments' investments. Furthermore, given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

### ***Material Risks of Significant Investment Strategies – RE Finance Trust Management***

The investment strategies with respect to TRTX described above, and other strategies that TRTX pursue, involve a substantial degree of risk, and TRTX may lose all or a substantial portion of the value of its investments. Some of the more significant risks include the following:

#### **Risks Related to TRTX's Lending and Investment Activities**

- TRTX's success depends on the availability of attractive investment opportunities and our ability to identify, structure, consummate, leverage, manage and realize returns on TRTX's investments.
- TRTX's commercial mortgage loans and other commercial real estate-related debt instruments expose it to risks associated with real estate investments generally.
- Commercial real estate debt instruments that are secured or otherwise supported, directly or indirectly, by commercial property are subject to delinquency, foreclosure and loss.
- TRTX originates and acquires transitional loans, which involves greater risk of loss than stabilized commercial mortgage loans.
- There can be no assurances that the U.S. or global financial systems will remain stable, and the occurrence of another significant credit market disruption may negatively impact TRTX's ability to execute its investment strategy.
- The planned discontinuance of LIBOR has affected and will continue to affect financial markets generally, and may adversely affect TRTX's interest income, interest expense, or both.
- Difficulty in redeploying the proceeds from repayments of TRTX's existing loans and other investments could materially and adversely affect it.

- If TRTX is unable to successfully integrate new assets and manage its growth, its results of operations and financial condition may suffer.
- TRTX operates in a competitive market for the origination and acquisition of attractive investment opportunities and competition may limit its ability to originate or acquire attractive investments in its target assets.
- The due diligence process we undertake in regard to TRTX's investment opportunities may not reveal all facts relevant to an investment and, as a result, TRTX may experience losses.
- Prepayment rates may adversely affect TRTX's financial performance and cash flows and the value of certain of its investments.
- Real estate valuation is inherently subjective and uncertain. Our reserves for loan losses may prove inadequate.
- Interest rate, prepayment, concentration, liquidity, collateral and credit risk may adversely affect our financial performance. There are no assurances that the U.S. or global financial systems will remain stable.
- Interest rate fluctuations could significantly decrease TRTX's ability to generate income on its investments.
- Prepayment rates may adversely affect TRTX's financial performance and cash flows and the value of certain of its investments.
- TRTX's investments may be concentrated and could be subject to risk of default.
- The illiquidity of certain of TRTX's loans and other investments may materially and adversely affect TRTX.
- Most of the commercial mortgage loans that TRTX originates or acquires are nonrecourse loans, and the assets securing these loans may not be sufficient to protect it from a partial or complete loss if the borrower defaults on the loan.
- TRTX may not have control over certain of its investments.
- Future joint venture investments could be adversely affected by TRTX's lack of sole decision-making authority, its reliance on joint venture partners' financial condition and liquidity and disputes between it and its joint venture partners.
- TRTX is subject to additional risks associated with investments in the form of loan participation interests.
- Mezzanine loans, B-Notes and other investments that are subordinated or otherwise junior in an issuer's capital structure, such as preferred equity, and that involve privately negotiated structures, will expose TRTX to greater risk of loss.

- TRTX's origination or acquisition of construction loans exposes it to an increased risk of loss.
- Risks of cost overruns and non-completion of the construction or renovation of the properties underlying loans TRTX originates or acquires could materially and adversely affect it.
- Investments that TRTX makes in CRE debt securities and other similar structured finance investments, as well as those that it structures, sponsors or arranges, pose additional risks.
- Investments in non-investment grade, rated or unrated investments involve an increased risk of default and loss.
- Any credit ratings assigned to TRTX's investments will be subject to ongoing evaluations and revisions, and those ratings may be downgraded.
- TRTX has in the past and may in the future need to foreclose on certain of the loans it originates or acquires, which could result in losses.
- Real estate valuation is inherently subjective and uncertain.
- TRTX's reserves for loan losses may prove inadequate.
- TRTX may experience a decline in the fair value of investments it may make in CRE debt securities.
- Some of TRTX's investments may be recorded at fair value and, as a result, there will be uncertainty as to the value of these investments.
- In addition to other analytical tools, we utilize financial models to evaluate commercial mortgage loans and estimate expected losses. The accuracy and effectiveness of these analytical tools cannot be guaranteed.
- Insurance proceeds on a property may not cover all losses, which could result in the corresponding non-performance of or loss on TRTX's investment related to such property.
- The impact of any future terrorist attacks and the availability of affordable terrorism insurance expose TRTX to certain risks.
- Liability relating to environmental matters may impact the value of properties that TRTX may acquire upon foreclosure of the properties underlying its loans.
- Climate change has the potential to impact the properties underlying TRTX's investments.
- TRTX may be subject to lender liability claims, and if TRTX is held liable under such claims, it could be subject to losses.

- If the loans that TRTX originates or acquires do not comply with applicable laws, it may be subject to penalties.
- If TRTX originates or acquires commercial mortgage loans or commercial real estate-related debt instruments secured by liens on facilities that are subject to a ground lease and such ground lease is terminated unexpectedly, TRTX's interests in such loans could be materially and adversely affected.

#### Risks Related to TRTX's Financing

- TRTX has a significant amount of debt, which subjects it to increased risk of loss, and TRTX's charter and bylaws contain no limitation on the amount of debt it may incur or have outstanding.
- There can be no assurance that TRTX will be able to obtain or utilize additional financing arrangements in the future on similar or more favorable terms, or at all.
- Certain of TRTX's current financing arrangements contain, and its future financing arrangements likely will contain, various financial and operational covenants, and a default of any such covenants could materially and adversely affect it.
- TRTX's financing arrangements may require it to provide additional collateral or repay debt.
- Interest rate fluctuations could increase TRTX's financing costs.
- TRTX may enter into hedging transactions that could expose it to contingent liabilities in the future.
- TRTX's investments may be subject to fluctuations in interest rates that may not be adequately protected, or protected at all, by its hedging strategies.
- TRTX's use of leverage may create a mismatch with the duration and index of the investments that it is financing.
- Warehouse facilities that TRTX may obtain in the future may limit its ability to originate or acquire assets, and TRTX may incur losses if the collateral is liquidated.
- TRTX has utilized and may in the future utilize non-recourse securitizations to finance its investments, which may expose it to risks that could result in losses.
- TRTX may be subject to losses arising from guarantees of debt and contingent obligations of its subsidiaries or joint venture or co-investment partners.
- TRTX is subject to counterparty risk associated with its debt obligations.

- Certain of TRTX's current financing arrangements contain financial covenants that, if violated, could result in the diversion of cash flow from TRTX to its lenders to pay interest due and reduce the principal amount outstanding of its borrowings until such time as the default is cured, which may reduce cash available to pay interest and operating expenses, satisfy other obligations, and fund required distributions to common stockholders in order to maintain TRTX's qualification as a REIT.

#### Risks Related to Our Relationship with Us and Our Affiliates

- TRTX depends on us and TPG personnel provided to us for its success. TRTX may not find a suitable replacement for us if the Advisory Services Agreement is terminated, or if key personnel cease to be employed by TPG or otherwise become unavailable to TRTX.
- Other than any dedicated or partially dedicated chief financial officer that we may elect to provide to TRTX, the TPG personnel provided to us, as TRTX's external manager, are not required to dedicate a specific portion of their time to the management of TRTX's business.
- We manage TRTX's portfolio pursuant to broad investment guidelines and are not required to seek the approval of TRTX's board of directors for each investment, financing, asset allocation or hedging decision we make, which may result in TRTX making riskier loans and other investments.
- Our fee structure may not create proper incentives or may induce us to make certain loans or other investments, including speculative investments, which increase the risk of TRTX's portfolio.
- TRTX may compete with existing and future Global Vehicles, which may present various conflicts of interest that restrict its ability to pursue certain investment opportunities or take other actions that are beneficial to its business and result in decisions that are not in the best interests of TRTX stockholders.
- Termination of the Advisory Services Agreement would be costly.
- We maintain a contractual, as opposed to a fiduciary, relationship with TRTX. Our liability is limited under the Advisory Services Agreement, and TRTX has agreed to indemnify us against certain liabilities.
- TRTX does not own the TPG name, but may use it as part of its corporate name pursuant to a trademark license agreement with a TPG affiliate. Use of the name by other parties or the termination of TRTX's trademark license agreement may harm its business.
- TRTX's business may be adversely affected if its reputation, TPG's reputation or the reputation of counterparties with whom it associates is harmed.

### Risks Related to TRTX as a Company

- TRTX’s investment strategy and guidelines, asset allocation and financing strategies may be changed without stockholder consent.
- TRTX may not be able to operate its business successfully or implement its operating policies and investment strategy.
- We (and TPG) may not be able to hire and retain qualified investment professionals or grow and maintain TRTX’s relationships with key borrowers and loan brokers.
- Maintenance of TRTX’s exemptions from registration as an investment company under the Investment Company Act imposes significant limits on its operations.
- Rapid changes in the market value or income potential of TRTX’s assets may make it more difficult for it to maintain its qualification as a REIT or its exclusion or exemption from regulation under the Investment Company Act.
- Failure to obtain, maintain or renew required licenses and authorizations necessary to operate TRTX’s mortgage-related activities may materially and adversely affect TRTX.
- Changes in laws or regulations governing TRTX’s operations or those of its competitors, or changes in the interpretation thereof, or newly enacted laws or regulations, could result in increased competition for TRTX’s target assets, require changes to our business practices and collectively could adversely impact its revenues and impose additional costs.
- Actions of the U.S. government, including the U.S. Congress, Federal Reserve Board, U.S. Treasury Department and other governmental and regulatory bodies, designed to stabilize or reform the financial markets, or market response to those actions, may not achieve the intended effect.
- The obligations associated with being a public company require significant resources and attention from our senior leadership team.
- If TRTX fails to maintain an effective system of internal control, it may be unable to accurately determine its financial results or prevent fraud.
- TRTX depends on us to develop appropriate systems and procedures to control operational risk.
- Operational risks, including the risks of cyberattacks and the proposed transition from LIBOR to an alternate rate, may disrupt TRTX’s businesses, result in losses or limit its growth.
- TRTX depends on Situs Asset Management, LLC (“SitusAMC”) for asset management services. TRTX may not find a suitable replacement for Situs if its agreement with

SitusAMC is terminated, or if key personnel cease to be employed by SitusAMC or otherwise become unavailable to TRTX.

- Accounting rules for certain of TRTX's transactions are highly complex and involve significant judgment and assumptions. Changes in accounting interpretations or assumptions could impact TRTX's ability to timely prepare consolidated historical financial statements.
- TRTX's business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to ESG matters, that could expose it to numerous risks.
- Social, political, and economic instability, unrest, and other circumstances beyond TRTX's control could adversely affect TRTX's business operations.
- A global economic slowdown, a recession or declines in real estate values could impair TRTX's investments and have a significant adverse effect on its business, financial condition and results of operations.

#### Risks Related to TRTX's REIT Status and Certain Other Tax Items

- If TRTX fails to remain qualified as a REIT, it will be subject to tax as a C corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to its stockholders.
- Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.
- Compliance with the REIT requirements may hinder TRTX's ability to grow, which could materially and adversely affect us.
- TRTX may choose to make distributions to its stockholders in shares of its common stock, in which case its stockholders could be required to pay income taxes in excess of the cash dividends they receive.
- Even if TRTX remains qualified as a REIT, it may face other tax liabilities that reduce its cash flow.
- Complying with REIT requirements may cause TRTX to forego otherwise attractive investment opportunities.
- Complying with REIT requirements may force TRTX to liquidate or restructure otherwise attractive investments.
- TRTX may be required to report taxable income from certain investments in excess of the economic income it ultimately realizes from them.

- The “taxable mortgage pool” rules may increase the taxes that TRTX or its stockholders may incur, and may limit the manner in which TRTX effects future securitizations.
- The tax on prohibited transactions limits TRTX’s ability to engage in transactions, including certain methods of securitizing mortgage loans, which would be treated as sales for U.S. federal income tax purposes.
- TRTX’s investments in construction loans will require it to make estimates about the fair value of land improvements that may be challenged by the Internal Revenue Service.
- The failure of a mezzanine loan to qualify as a real estate asset could adversely affect TRTX’s ability to continue to qualify as a REIT.
- The failure of assets subject to secured credit agreements to qualify as real estate assets could adversely affect TRTX’s ability to continue to qualify as a REIT.
- Liquidation of assets may jeopardize TRTX’s REIT qualification or create additional tax liability for it.
- Complying with REIT requirements may limit TRTX’s ability to hedge effectively and may cause it to incur tax liabilities.
- If TRTX’s subsidiary REIT failed to qualify as a REIT, TRTX could be subject to higher taxes and could fail to remain qualified as a REIT.
- Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code.
- New legislation or administrative or judicial action, in each instance potentially with retroactive effect, could make it more difficult or impossible for TRTX to remain qualified as a REIT or have other adverse effects on it.

### ***Material Risks of Significant Investment Strategies – TPEP Vehicles***

The investment strategies described above, and other strategies that TPEP Vehicles pursue, involve a substantial degree of risk, and the TPEP Vehicles may lose all or a substantial portion of the value of their investments. For purposes of this subsection, “Funds” will only refer to TPEP Vehicles. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Fund’s offering documents, and our representatives are available to discuss with potential investors the risks involved in the strategies a TPEP Vehicle pursues. Such material risks include the following:

*Potential Lack of Diversification.* We cannot give any assurance as to the degree of diversification that we will achieve in the Funds’ portfolios. Any non-diversification would increase the risk of loss to the Funds if there was a decline in the market value of any security or sector in which a Fund has invested a large percentage of its assets. Even if the Funds achieve significant



diversification, such diversification would not necessarily provide meaningful risk control, and may reduce the Funds' profit potential.

*Market Conditions and Financial Market Fluctuations.* Market and economic conditions throughout the world materially affect a Fund's investments. These conditions include

- interest rates;
- availability and terms of credit;
- credit defaults;
- inflation rates;
- economic uncertainty;
- changes in laws;
- regulatory interventions and changes in regulations;
- changes in fiscal and monetary policies;
- trade barriers;
- commodity prices;
- currency exchange rates and controls; and
- national and international political, environmental and socioeconomic circumstances, including the risks of war and the effects of terrorist attacks.

Difficult market conditions also adversely affect a Fund and its returns by reducing the value or performance of its investments or by reducing its ability to raise or deploy capital.

*Equity Risk.* The market price of securities held by the Funds will increase and/or decrease, sometimes rapidly or unpredictably. The values of equity securities may decline due to general market conditions that are not specifically related to a particular Fund investment, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend, interest or other payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities that we believe are fundamentally undervalued or incorrectly valued at times will not ultimately be valued in the capital markets at prices or within the time frame we anticipate. As a result, a Fund may lose all or substantially all of its investment in a particular security.

*Risks of Pandemics.* The spread of infectious disease, together with any resulting travel restrictions or quarantines, could have a significant negative impact on the economy and the TPEP Funds and their investments' business activities. In turn, this would adversely affect the TPEP Funds' performance. Examples include the outbreaks of Severe Acute Respiratory Syndrome in Asia in 2003, avian influenza, or "bird flu," in Asia in 2004 and 2005 and Influenza A. There can be no assurance that any precautionary measures taken against infectious disease would be effective.

Most recently, the novel coronavirus ("COVID-19") began spreading globally in early 2020. The global outbreak of COVID-19 and the measures governmental agencies and the private sector have taken to contain it, including business closures, limitations on public gatherings, travel restrictions and quarantines, have significantly disrupted the global economy and caused severe market dislocation and volatility. While we cannot accurately forecast COVID-19's ultimate impact at this time, we expect it will have a profound and lasting effect on the TPEP Funds and their investments. COVID-19 and corresponding containment efforts may also negatively impact the TPEP Funds' investments as a result of supply chain disruptions.

In addition, the rapid and broad-based shift to a remote working environment created inherent productivity, connectivity and oversight challenges. In response to the spread of COVID-19, many businesses, including TPG, initially encouraged or mandated that their personnel work from home in an effort to help slow the spread of the pandemic. While our personnel has largely returned to the office, to the extent any continue, or resume, working remotely, they would rely more heavily on external information technology systems for their business-related communications, which in turn means our business will be more vulnerable to cybersecurity incidents and cyberattacks, and other weaknesses in our operational and control environment. See "*Cybersecurity Risk*" for additional discussion of cybersecurity. In addition, the extent and/or duration of ongoing workforce restrictions and limitations could impact the ability of a TPEP Fund investment to enhance, develop and support existing products and services. Given the extraordinary nature of COVID-19 and its inherent unpredictability, it may take years to understand the full scope of its ramifications. Future outbreaks of infectious disease or any other serious public health concern could have a similar material adverse impact on the TPEP Funds and their investments.

*Reliance on Our Professionals.* The success of the TPEP Funds will depend in large part upon the skill and expertise of TPEP and TPG professionals. We cannot assure that any individual professional will continue to be associated with the TPEP Funds or that replacements will perform well. Our ability to recruit, retain and motivate qualified professionals is dependent in part on our ability to offer attractive incentive opportunities. There is competition among alternative asset firms, financial institutions, hedge funds, investment managers and other industry participants for hiring and retaining qualified investment professionals. Should any of our professionals join or form a competing firm, become incapacitated or in some other way cease to participate in the TPEP Funds' investment activities, the TPEP Funds' performance could be adversely affected.

Tax reform enacted in 2017 in the United States increased the holding period required in order for professionals to treat their performance allocation as a capital gain, and the U.S. Congress is considering changes that could further increase such required holding period, which may increase the amount of taxes such professionals would be required to pay with respect to their performance allocation. If additional legislation were to be enacted to treat carried interest as ordinary income rather than a capital gain, the amount of taxes that the recipients of the general partners'

performance allocations would be required to pay with respect to their performance allocations would materially increase, thereby adversely affecting the ability of the TPEP Funds to offer attractive incentive opportunities.

*Misconduct of Employees and of Third-Party Service Providers.* Misconduct by our employees or the TPEP Funds' third-party service providers could cause the Funds to incur significant losses.

Employee misconduct could include binding the Funds to transactions that present unacceptable risks and unauthorized activities or concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including the failure to record transactions or improperly performing their responsibilities as administrators. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects. Although we have adopted measures reasonably designed to prevent and detect employee misconduct and to select reliable third-party providers, we cannot give any assurance that these measures will be effective in all cases.

*Exemptions from Registration Under U.S. Commodities Laws.* While the Funds may invest in certain commodity interests (directly or indirectly through other fund investments) including swaps, futures and currency forwards, the Funds engage in limited trading of commodity interests. Accordingly, we have filed a notice of exemption with the National Futures Association from registration with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator with respect to the Funds pursuant to CFTC Rule 4.13(a)(3). We therefore are not required to deliver a Disclosure Document or a certified Annual Report (as those terms are used in the CFTC's rules). Likewise, we are exempt from registration with the CFTC as a commodity trading advisor, and as such, will not be required to satisfy certain requirements under the CFTC rules.

*Changes in the Political Environment of the United Kingdom and Europe.* In a referendum held on June 23, 2016, the United Kingdom ("UK") resolved to leave the European Union (commonly referred to as "Brexit"). The UK left the European Union on January 31, 2020 and, following an 11-month transition period during which the UK and the European Union agreed to certain parts of their relationship going forward, European Union laws ceased to apply in the UK from January 1, 2021. The initial Brexit result has led to political and economic instability and volatility in the financial markets of the UK and more broadly across Europe. The full scope of the longer-term economic, legal, political and social framework between the UK and the European Union remains unclear at this stage, which is likely to lead in turn to ongoing political and economic uncertainty and periods of exacerbated volatility in both the UK and in wider European markets for some time. This uncertainty will also likely continue to impact the global economic climate.

*Potential Reporting Obligations; Other Regulatory Regimes.* Acquisitions by the Funds of equity securities at times result in reporting and compliance obligations under the Exchange Act and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or their equivalent regimes in non-U.S. jurisdictions. See Item 11 below. In addition, the Funds will be subject to tax reporting requirements in the United States and likely in other jurisdictions. The Funds will bear the costs of compliance.

*Risk Management; Operational Controls.* Although we will seek to manage investment risks by employing appropriate due diligence, analysis and pricing models prior to and during a Fund's investment in a Portfolio Investment, we cannot assure that these methods will expose all the considerations relevant to the investment decision. Further, the operational controls and risk management techniques we use involve third parties over whom we do not exercise control, including outsourced providers of fund administration and custody services. The proper operation of a Fund and safekeeping of its assets depend on the performance and financial wherewithal of these third parties, as well as the continued operation and security of their systems. The operational controls and risk management techniques we use also necessarily include subjective elements, making the judgment and discretion of our investment and TPG's control-side professionals fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for us to control for risk, which in turn increases the likelihood of unpredictable results with respect to a Portfolio Investment and the Funds' overall performance.

Additional operational risks arise from such factors as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel, errors caused by third parties or other disruptive events. While we have adopted a business continuity program designed to minimize the disruption these events could otherwise cause to normal business operations, business continuity programs are inherently limited. For example, we could experience unanticipated contingencies or our controls and oversight may not function as intended. In addition, certain circumstances, including natural disasters, war, terrorism, public health crises, power or utility shortages and other system failures and malfunctions, could prevent us and our service providers from performing certain tasks, potentially for extended periods of time, including sending and executing trade orders, processing investor transactions and calculating a Fund's net asset value. Any such failure could cause losses to a Fund.

*Cybersecurity Risk.* We rely on technology, particularly internet-based programs and data storage applications, and we may be more susceptible to operational risks specific to this technology, including ransomware, systems disruptions and unauthorized access to our information and technology systems or those of joint-venture partners or third-party service providers that hold our information and/or have access to our technology systems. Security breaches could result in the misappropriation of confidential information, destruction or corruption of data and/or disruption of our operations. We, our service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the TPEP Funds and their investors, despite our efforts and those of our service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of our computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to the TPEP Funds and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to our systems and those of our service providers and counterparties as well as the data stored by these systems. Third parties, including nation-state or terrorist actors, may also attempt to fraudulently induce employees, customers, third-party service providers or other users of our systems to disclose sensitive information in order to gain access to our data or that of a TPEP Fund's investors or otherwise inflict harm. Likewise, our systems could be vulnerable to supply-chain attacks, wherein attackers may target third parties providing us software or services in order to introduce vulnerabilities in

our network system. Whether intentional or unintentional, a cybersecurity breach of our system or the systems of Portfolio Investments may cause us, the TPEP Funds or Portfolio Investments to lose proprietary information, suffer data corruption or deletion, expose information to misuse or force us to pay ransom to retrieve data or face its loss. Unauthorized access could lead to

- physical damage to a computer or network system (and costs associated with system repairs);
- loss or theft of investors' funds;
- the inability to access electronic systems;
- a failure to maintain the confidentiality and privacy of sensitive information (including the loss of investors' confidential or personal information);
- loss of capabilities essential to our, the Funds' and/or the Portfolio Investments' operations;
- ransomware payments;
- increases in insurance premiums;
- financial losses from remedial actions;
- loss of business;
- reputational harm; or
- potential liability.

Cybersecurity risks also require investment in ongoing preventative measures and compliance costs, including costs related to investigating the origin and scope of any cybersecurity incident, as well as increased and upgraded cybersecurity.

*Effect of Substantial Withdrawals.* A number of events could trigger substantial withdrawals by a Fund's investors, including, for example,

- investment performance;
- changes in prevailing interest rates and financial market performance;
- significant change in our personnel or management;
- legal or regulatory issues that investors perceive to have a bearing on us or a Fund; or
- other factors.

Actions taken to meet substantial withdrawal requests from a Fund could result in prices of securities held by the Fund decreasing and in Fund expenses increasing (e.g., due to increased transaction costs incurred in the liquidation of positions or in connection with the termination of counterparty agreements). Substantial withdrawals could also significantly restrict the Fund's ability to obtain financing or derivatives counterparties needed for its investment and trading strategies, which would have a further material adverse effect on the Fund's performance.

*Short Sales.* We make short sales of securities on behalf of certain Funds. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes the Funds to the risk of liability for the market value of the security that is sold, which is an unlimited risk in theory due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available for the Funds to borrow at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, in which case the Funds would be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain *de minimis* threshold, has proposed rules that would require reporting to the SEC of certain short positions and related information and may adopt rules requiring public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions where the Funds trade have adopted reporting requirements. If the Funds' short positions or its strategy become generally known, it could have a significant effect on our ability to implement our investment strategy. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by the Funds forcing the Funds to cover its positions at a loss. Such reporting requirements likely would also limit our ability to access management and other personnel at certain companies where we seek to take a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as the Funds, the cost of borrowing securities to sell short could increase significantly and the availability of such securities to the Funds could decrease significantly.

The SEC has adopted restrictions on the short sale of securities which fall more than 10% in a given day (referred to as the "circuit breaker" or "modified uptick rule"). The SEC and regulatory authorities in other jurisdictions could adopt (and in certain cases have adopted) bans or other restrictions on short sales of certain securities in response to market events. Restrictions or bans on short selling would make it more difficult for the Funds to execute certain investment strategies and may have a material adverse effect on the Funds' ability to achieve their investment objectives and generate returns.

*Leverage.* We may utilize leverage in investing the Funds' assets, including through trading on margin by borrowing funds and pledging cash or securities as collateral. While the use of borrowed funds increases returns if the Funds earn a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the Funds fail to earn as much on such incremental investments as it pays for such funds. The effect of

leverage in these cases would therefore result in a greater decrease in the net asset value of the Funds than if the Funds were not so leveraged. Any use by the Funds of short-term margin borrowings will result in certain additional risks to the Funds. For example, the securities pledged to brokers to secure the Funds' margin accounts could be subject to a "margin call," pursuant to which the Funds would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of the Funds' assets accompanied by corresponding margin calls could force the Funds to liquidate assets quickly, and not for what we perceive to be their fair value, in order to pay off its margin debt. In addition, the Funds may engage in certain derivatives transactions which implicitly contain leverage and subject the Funds to the same risks discussed above.

*Risks of Derivative Instruments.* The Funds from time to time use derivative instruments. Use of derivative instruments exposes the Funds to risks associated with the underlying reference asset (e.g., a foreign currency or an equity security) and the applicable markets generally, as well as the following additional risks:

Tracking – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged would likely prevent the Funds from achieving the intended hedging effect or expose the Funds to the risk of loss.

Liquidity – Derivative instruments, especially when traded in large amounts, are not liquid in all circumstances, so that in volatile markets, the Funds may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which each Fund may conduct its transactions in derivative instruments would prevent prompt liquidation of positions, subjecting such Fund to the potential of greater losses.

Leverage – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the Funds and would generally cause the Funds' net asset value to be subject to wider fluctuations than would be the case if the Funds did not use the leverage feature in derivative instruments.

Operations Risk – Operations risk includes the possibility of loss caused by inadequate procedures and controls, human error and system failures by a service provider. For example, trading delays or errors could prevent the Funds from benefiting from potential investment gains or avoiding losses. The liability of service providers to the Funds for losses resulting from their errors may be limited.

Over-the-Counter Trading/Counterparty Risk – The Funds will be exposed to counterparty risk to the extent they use "over-the-counter" derivatives, enter into repurchase agreements, lend their portfolio securities or allow a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt or otherwise experiences a business interruption, the Funds would expect to miss investment opportunities or otherwise hold investments they would prefer to sell, possibly resulting in losses for the Funds. The Funds may effect transactions in "over-the-counter" or

“interdealer” markets or other unregulated private markets. The lack of a common clearing facility in these markets creates counterparty risk. The participants in these markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the investor to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The Funds typically would be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. The Funds typically are only able to close out over-the-counter transactions with the relevant counterparty, and generally are only able to transfer a position with the consent of the particular counterparty. When a counterparty’s obligations are not fully secured by collateral, the Funds are essentially an unsecured creditor of the counterparty. If the counterparty defaults, the Funds will have contractual remedies, but there is no assurance that a counterparty will be able to meet its obligations pursuant to such contracts or that, in the event of default, the Funds will succeed in enforcing contractual remedies and there may be significant costs and/or delays in doing so. Counterparty risk is still present even if a counterparty’s obligations are secured by collateral because the Funds’ interest in collateral may not be perfected or additional collateral may not be promptly posted as required. To the extent the Funds allow a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, the Funds may be treated as unsecured creditors of such counterparty in the event of the counterparty’s insolvency. Counterparty risk would be more pronounced if a counterparty’s obligations exceed the amount of collateral held by the Funds (if any), the Funds are unable to exercise their interest in collateral upon default by the counterparty or the termination value of the instrument varies significantly from marked-to-market value of the instrument.

The Funds will be exposed to the credit risk of its counterparties and at times will bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding the repurchase price, default by the seller would expose the Funds, as buyer, to possible loss due to adverse market action or delay in connection with the disposal of the underlying obligations. Conversely, where the Funds act as sellers under a repurchase agreement they are exposed to the risk of the buyer defaulting on its obligation to return the securities when it is required to do so, and the Funds could realize a loss on the purchase of the underlying security to the extent that the purchase price of the underlying security is greater than the cash collateral posted by the buyer. In addition, if the seller becomes involved in bankruptcy or litigation proceedings, the Funds would likely incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if the Funds are treated as unsecured creditors and are required to return the underlying collateral to the seller’s estate.



Securities purchased or sold on a “when-issued” or “delayed delivery” basis involve a risk of loss if the value of the securities to be purchased declines prior to the settlement date or if the value of the securities to be sold increases prior to a settlement date.

Additionally, the Funds are exposed to documentation risk, including the risk that the parties disagree as to the proper interpretation of the terms of a contract (*e.g.*, the definition of default). If a dispute occurs, the cost and unpredictability of the legal proceedings required for the Funds to enforce its contractual rights could lead the Funds to decide not to pursue its claims against the counterparty. In that case, the Funds would generally be unable to obtain payments they believe are owed to them under over-the-counter derivatives contracts or those payments may be delayed or made only after the Funds have incurred the costs of litigation.

Due to the nature of the Funds’ investments, the Funds would expect to invest in derivatives or execute a significant portion of their securities transactions through a limited number of counterparties, and events that affect the creditworthiness of any of those counterparties would therefore have a pronounced effect on the Funds. In addition, the creditworthiness of a counterparty typically would be adversely affected by larger than average volatility in the markets, even if the counterparty’s net market exposure is small relative to its capital. We evaluate the creditworthiness of the counterparties to the Funds’ transactions or their guarantors at the time the Funds enters into a transaction. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of the Funds to transact with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement for over-the-counter derivatives may increase the potential for losses by the Funds.

The Funds’ use of derivatives is further impacted by U.S. financial reform legislation, which includes provisions for clearing, margin and reporting requirements for derivatives transactions and restrictions on the types of derivatives transactions that can be entered into by certain financial companies. These regulations are new and evolving and may increase the cost of entering into derivatives.

The Funds may use certain derivatives transactions, including some interest rate swaps and credit default index swaps that are required to be cleared. In a cleared derivatives transaction, the Fund’s counterparty to the transaction is a central derivatives clearing organization, or clearing house, rather than a bank or broker. Since the Funds are not members of a clearing house, and only members of a clearing house can participate directly in the clearing house, the Funds hold cleared derivatives transactions through accounts at futures commission merchants who are members of the clearing houses. The Funds make and receive payments owed under cleared derivatives transactions (including margin payments) through their accounts at clearing members. The Funds’ clearing members guarantee the Funds’ performance of their obligations to the clearing house. In contrast to bilateral over-the-counter derivatives transactions, following a period of advance notice to the Funds, clearing members can generally require termination of existing cleared derivatives transactions at any time and increase the amount of margin required for any cleared derivatives transaction above the amount of margin that was required at the beginning of the transaction. The Funds are subject to execution risk if they enter into derivatives transactions that are required to be cleared (or which we expect to be cleared), and no clearing member is willing to clear the transactions on the Funds’ behalf. In that case, the transactions might be terminated, and the Funds

could lose some or all of the benefit of any increase in the value of the transactions after the time of the trade.

*Options.* The Funds may invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option is from time to time subject to greater fluctuation than an investment in the underlying securities would entail. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of the call. The risk for a writer of a put option is that the price of the underlying securities falls below the exercise price. The ability to trade in or exercise options likely would be restricted in the event that trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows the Funds greater flexibility to tailor options to their needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

*Initial Public Offerings.* The Funds will from time to time purchase securities of companies conducting, or that have recently conducted, initial public offerings. Special risks associated with these securities include limited liquidity and unseasoned trading, as well as a lack of investor knowledge of the company in light of its limited operating history. These factors can contribute to substantial price volatility for the shares of these companies and, thus, for the Fund's interests. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies conducting initial public offerings are in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenue or operating income, or the near-term prospects of achieving them.

*Non-U.S. Investments.* The Funds will likely make investments outside of the United States, including in certain developing non-U.S. markets. Investments in the securities of non-U.S. issuers may be restricted or controlled to varying degrees. These investments require consideration of risks typically not associated with investing in U.S. securities or property, including, among other things,

- trade balances and imbalances and related economic policies;
- potential price volatility in, and relative illiquidity of, some non-U.S. securities markets;
- unfavorable currency exchange rate fluctuations;
- imposition of exchange control regulation by the U.S. or non-U.S. governments;
- U.S., non-U.S. or other withholding taxes;

- limitations on the removal of funds or other assets;
- policies of governments with respect to possible nationalization of their industries; and political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in non-U.S. nations; and
- differing and potentially less well developed or well tested corporate and intellectual property laws, including those regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties, investor protections and intellectual property owner protections.

Laws and regulations of non-U.S. countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. There is generally less publicly available information about non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies are not subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Some countries require governmental approval prior to investments by non-U.S. persons, limit the amount of investment by non-U.S. persons in a particular company or restrict investment by non-U.S. persons to a specific class of securities of a company that have less advantageous terms than the classes available for purchase by nationals. Certain countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by non-U.S. investors. Delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as the application to the Fund of restrictions on investments, could adversely affect a Fund. In addition, because a Fund's investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in those currencies.

*Interest Rate Risks.* The Funds have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the Funds. Over any defined period of time, the Funds' interest-bearing assets may be more sensitive to changes in market interest rates than the Funds' interest-earning liabilities, or vice versa. Factors that affect market interest rates include:

- inflation;
- slow or stagnant economic growth, or recession;
- unemployment;
- money supply and the monetary policies of the Board of Governors of the U.S. Federal Reserve System;
- international disorders; and
- instability in domestic and non-U.S. financial markets.

We expect the Funds to periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, we may not be able to manage this risk effectively. Failure to manage interest rate risk effectively could adversely affect the Funds' performance.

*Portfolio Turnover.* We do not expect to place any limit on the rate of portfolio turnover, and we will sell portfolio securities without regard to the time the Funds have held them when, in our opinion, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may reduce a Fund's investment gains or create a loss for investors and would result in additional taxable costs for investors depending on the tax provisions applicable to them.

*Cash and Other Investments.* The Funds will generally invest at least a portion of their assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items are generally expected to be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers that we deem creditworthy. The Funds may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they at times produce lower than expected returns, and could result in losses. Investments in cash items and money market funds could provide less liquidity than anticipated by the Funds at the time of investment.

*Lending of Securities.* The Funds are able to lend portfolio securities to broker-dealers and other financial institutions. The advantage of such loans is that the Funds continue to receive the interest or dividends on the loaned securities, while at the same time earning interest on the collateral which is invested in short-term obligations. If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates, and the Funds could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. On termination of the loan, the borrower is required to return the securities to the Funds; any gains or loss in the market price during the loan would inure to the Funds. In the event of the bankruptcy of the other party to a securities loan, the Funds could experience delays in recovering the securities they lent. To the extent that the value of the securities the Funds lent has increased, the Funds could experience a loss if such securities are not recovered.

*Custodial Risk.* Each Fund's prime brokers will have custody of the Fund's securities, cash, distributions and rights accruing to the Fund's securities accounts. SEC rules require the prime brokers to maintain physical possession and control of fully paid securities held in a Fund's account and to establish certain reserves for the benefit of customers. However, subject to certain limitations, a prime broker generally has the ability to loan, pledge and rehypothecate the securities in a Fund's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of its insolvency. If this were to occur, a Fund would typically not have a right to recover its securities held by the prime broker, but would rather have only an unsecured claim and participate pro rata with other customers of the prime broker in the proceeds of the sale of customer securities. Also, even if a prime broker does have sufficient assets

to meet all customer claims, there could be a delay before a Fund receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, we have established relationships with multiple prime brokers. However, we may not be able to maintain these relationships. In addition, we would likely not be able to identify potential solvency concerns with respect to the Funds' prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner. The prime brokers may hold the Funds' securities through third parties such as clearing corporations, other brokers or banks. In addition, the Funds from time to time hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, the Funds are subject to credit risk with respect to such third parties as well as with respect to the prime brokers. In addition, certain of the Funds' assets are held by non-U.S. affiliates of the Funds' prime brokers and entities other than the prime brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the United States. If a Fund has over-collateralized derivative contracts, it is likely to be an unsecured creditor of any such counterparty in the event of its insolvency. Also, even if a Fund's prime broker or such other third parties do have sufficient assets to meet all claims, there could be a delay before the Funds receive assets to satisfy its claims. We may change a Fund's brokerage arrangements any time without prior notice to its investors. There are likely to be operational and other delays associated with changes in prime brokerage arrangements.

*Tax and Regulatory Risk.* Investment by private investment firms in certain countries has attracted, and may continue to attract, scrutiny by tax and other regulatory authorities. Although TPG will continue to use reputable legal and tax advisors in connection with the investment activities of the Funds, there can be no assurance that such authorities will not audit, investigate or otherwise inquire as to the Funds' investment activities or that such authorities will not impose fines or penalties.

*Monetary Policy and Governmental Intervention.* Governmental actions to stabilize markets and encourage economic growth may be ineffective or have an adverse effect on the TPEP Funds and their investments. Many world governments, as well as inter-governmental institutions, have been undertaking various and in some case unprecedented forms of fiscal stimulus, including setting interest rates at historic lows. Such stimuli, unless successfully managed and scaled back at the appropriate time, together with recent U.S. legislation spurring historically significant amounts of government spending, run a severe risk of being inflationary. In particular, the U.S. Federal Reserve has increased interest rates significantly in the United States, which has recently experienced levels of inflation that have not been seen in several decades and may not abate in the near term. In addition, there is significant concern about the level of certain governments' indebtedness since high inflation often erodes in real terms the value of government debt and thus reduces the economic cost in real terms of their debt service obligations. This debt erosion may in turn diminish a government's incentive to adequately address inflation. If inflation occurs it could negatively affect the TPEP Funds. Changes in monetary policies and other governmental interventions, similar to the macroeconomic conditions that precipitate them, are difficult to predict.

*Interdependence of Securities Markets.* The markets of the countries in which the TPEP Funds invest are influenced to varying degrees by regional economic and market conditions. For example, developments in one country can adversely affect the economies and financial markets of countries

throughout the region and, as a result, negatively impact the securities of companies headquartered or listed in those countries. Accordingly, we cannot provide any assurance that the TPEP Funds' investments will not be adversely affected by events in countries outside where those companies are located or traded.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

Except as described below, TPG does not have any legal, financial or other “disciplinary” event to report. As a registered investment adviser, TPG is obligated to disclose any legal disciplinary event that would be material to a client when evaluating the adviser’s advisory business or integrity of its management.

On December 21, 2017, without admitting or denying any wrongdoing, TPG Capital Advisors, LLC consented to the entry of an order to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 206(4) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and Rules 206(4)-7 and 206(4)-8 thereunder. According to the SEC order, with respect to certain private equity funds, TPG Capital Advisors, LLC did not provide sufficient pre-commitment disclosure regarding the acceleration of otherwise authorized fees paid by its Portfolio Investments upon the termination of monitoring fee agreements. The order also found that TPG Capital Advisors, LLC did not adopt and implement a written compliance policy or procedure regarding the foregoing. TPG Capital Advisors, LLC agreed as part of the settlement to pay disgorgement of \$9,487,620.80 (plus prejudgment interest of \$361,507.99) to limited partners of certain private equity funds and a civil monetary penalty of \$3,000,000 to the SEC.

In the ordinary course of business, TPG and its affiliates are parties to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. Additional information regarding such matters is from time to time also disclosed in public filings with the SEC for the Public Company (see <https://shareholders.tpg.com/financial-information/sec-filings>).

#### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

*TPG Capital BD, LLC.* Our affiliate TPG BD is a broker-dealer registered with the SEC and a member of FINRA.

For a description of compensation TPG BD and other affiliates receive and material conflicts of interest created by our relationships with TPG BD, please see Item 11 below.

*Other Investment Advisers.* The following investment advisers are related persons of ours:

- TPG Capital Advisors, LLC;
- TPG PEP Advisors, LLC (“TPEP”);
- TPG RE Finance Trust Management, L.P. (“RE Finance Trust Management”);
- TPG Real Estate Advisors, LLC;

- TPG Solutions Advisors, LLC;
- Angelo, Gordon & Co., L.P.; and
- AGTB Fund Manager, LLC,

along with their respective relying advisers. All are TPG Management Companies.

For a description of material conflicts of interest created by the relationship among us and our affiliated advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

*General Partners of Global Vehicles.* Various entities serve as general partners of the Global Vehicles, and are our related persons. For a description of material conflicts of interest created by the relationship among us and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

#### **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

For the purposes of this Item 11, “we,” “us” and “our” shall include the applicable TPG Management Company, except where context otherwise requires.

##### ***Code of Ethics***

We have adopted a comprehensive Code of Ethics that is applicable to, among others, all of our officers and employees, certain temporary personnel and certain of our affiliates and their officers and employees (collectively, “Global Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations.

With respect to TPEP, transactions in certain permitted investments must be pre-cleared by TPEP’s Chief Compliance Officer or his/her designee.

Except with respect to TPEP, subject to any restrictions and/or terms set forth in our Code of Ethics, Global Personnel and their families and households will from time to time purchase investments for their own accounts, including the same or similar types of investments as may be purchased or sold by a Global Vehicle. The Code of Ethics generally permits such transactions only if

- the transaction is “pre-cleared” by our Chief Compliance Officer or his/her designee; or
- the transaction is exempt from pre-clearance under the Code of Ethics.

The investment policies, fee arrangements and other circumstances of these personal investments often vary from those of the Global Vehicles. As our officers, principals and employees typically also make investments in or alongside the Global Vehicles, they have conflicting interests with respect to these investments.

Under the Code of Ethics, Global Personnel also are required to file certain periodic reports with the Chief Compliance Officer or his/her designee as required by Rule 204A-1 under the Advisers Act. The records of any such trades by Global Personnel will not be open to inspection by investors. Our management may from time to time implement additional internal policies or restrictions on trading by Global Personnel and their family/household that are in addition to the requirements of our Code of Ethics.

We will provide a copy of the Code of Ethics to any Global Advisee or prospective client upon request.

### ***Participation or Interest in Client Transactions; Related Person Investments***

Please see “*Conflicts of Interest*” below for information regarding circumstances in which we or a related person

- recommends to Global Advisee, or buys or sells for Global Vehicles’ accounts, securities in which we or a related person has a material financial interest;
- invests in the same securities that we or a related person recommends to Global Advisee;
- recommends securities to Global Advisee, or buys or sells securities for Global Vehicle accounts, at or about the same time that we or a related person buys or sells the same securities for our own (or the related person’s own) account; and
- encounters related conflicts of interest.

### ***Conflicts of Interest***

As discussed further below, we and our related entities engage in a broad range of activities, including pursuing investments for the Funds, other investment funds and other accounts, and providing investment advisory, broker-dealer and other related services to these funds, other accounts and their Portfolio Investments.

Both the TPG Management Companies and the affiliated advisers forming a part of us have a number of related investment advisers (including other TPG Management Companies), and may in the future have additional related investment advisers, that focus primarily on different investment strategies, although such investment strategies overlap from time to time.

In the ordinary course of conducting its activities, the interests of a Global Advisee will from time to time conflict with the interests of other Global Advisees, including other Funds and TPG Management Companies and affiliates of the foregoing.

We describe below certain of these conflicts of interest, as well as how we seek to address them.

### **Resolution of Conflicts**

In resolving conflicts among Global Vehicles, we will consider various factors, including the interests of such Global Vehicle and the other Global Vehicle with respect to the immediate issue



and the longer-term course of dealing among such vehicles. In the case of all conflicts involving a Global Vehicle, our determination as to which factors are relevant, and the attempted resolution of such conflicts, will be made in our sole discretion.

The following may help mitigate potential or actual conflicts of interest:

- a Global Vehicle will not make any investment unless we and the Global Vehicle's general partner believe that such investment is an appropriate investment considered from the viewpoint of such Global Vehicle;
- many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant Governing Documents for the Global Vehicles;
- many of our Funds have established advisory committees, whose members are not affiliated with the general partner of the Fund. Such committees generally play an important role in resolving conflicts of interest by, for example, overseeing certain activities that could give rise to conflicts of interest or approving or consenting to decisions that involve certain conflicts of interest referred to it by the Fund's general partner in accordance with the relevant Governing Documents;
- with respect to certain Global Vehicles, the boards of directors, certain of whose members are not affiliated with us, generally play an important role in resolving conflicts of interest by approving or disapproving decisions (including, when required, by a majority of the members who are not affiliated with us) that involve certain conflicts of interest we refer to it in accordance with the relevant Governing Documents;
- when we deem it appropriate in our sole discretion, unaffiliated third-party service providers will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third-party investor to make an investment on the same or similar terms as a Global Vehicle may demonstrate the fairness of the transaction to such Global Vehicle;
- prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- in certain circumstances, we erect temporary or permanent information barriers to restrict the transfer of non-public information between business units.

While we endeavor to resolve all conflicts in a fair and impartial manner, there can be no assurance that our own interests will not influence our conduct and decisions. There can be no assurance that we will identify or resolve all conflicts in a manner that is favorable to the Global Vehicles and the Global Vehicles' investors may not, subject to any requirements set forth in a Global Vehicle's Governing Documents, be entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

## Potential Conflicts of Interest

The following discussion describes certain of these actual, potential or apparent conflicts of interest and how we manage them. This summary is not intended to be an exhaustive list of all actual, potential, or apparent conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact-intensive, and it is not possible to foresee every conflict of interest that may arise during a Global Vehicle's life. In particular, we expect in the future to identify additional conflicts of interest that currently are not apparent to us or the broader alternative investments industry, as well as conflicts of interest that arise or increase in materiality as we develop new investment platforms or business lines and otherwise adapt to dynamic markets and an evolving regulatory environment. Moreover, we are an affiliate of the Public Company and we and our personnel have duties or incentives related to the interests of the Public Company's stockholders that could differ from, and that could conflict with, the interest of Global Vehicles and their investors. Accordingly, as a consequence of the Public Company's status as a public company, we and our personnel may take into account certain considerations and other factors in connection with the management of the business and affairs of a Global Vehicle that would not necessarily be taken into account if the Public Company were not a public company. To the extent we identify conflicts of interest in the future, we may, but assume no obligation to, disclose these conflicts and their implications to investors in Global Vehicles through a variety of channels, including in subsequent brochures or in other written or oral communications to a Fund's advisory committee or investors more generally. The material conflicts of interest that Global Advisees encounter (other than TRTX and TPEP Vehicles) are discussed immediately below. The material conflicts of interest that TRTX encounters are discussed thereafter in "*Potential Conflicts of Interest – RE Finance Trust Management*", and the material conflicts of interest that a TPEP Vehicle encounters are discussed thereafter in "*Potential Conflicts of Interest – TPEP Vehicles*."

### *Principal Transactions*

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the investment adviser's clients, on the other. The Advisers Act generally requires that, when an investment adviser or its affiliate proposes to purchase a security from, or sell a security to, an advisory client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent.

In connection with our management of the Global Vehicles, we and/or the Global Vehicles may, in certain limited circumstances, engage in principal transactions, as described below.

Also, from time to time, our affiliates who control, are controlled by or are under common control with us and/or our affiliates, may provide seed capital to a new Fund. In doing so, we and/or our affiliates may purchase securities that are later transferred into the Fund in exchange for a percentage ownership in such Fund. We review such transactions with outside counsel in an effort to ensure that we comply with the requirements of Section 206(3) of the Advisers Act in respect of principal transactions.

We have established certain policies and procedures reasonably designed to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite

disclosures be made to the applicable Global Vehicle regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and the Global Vehicle's prior consent to the transaction be received. In addition, the Governing Documents relating to the Global Vehicles typically contain additional restrictions on our ability or that of the Global Vehicles to engage in principal transactions and disclosures regarding principal transactions that are likely to arise in the operations of Global Vehicles.

*Participation of TPG BD and Related Entities in Capital Markets Activity*

We leverage our internal expertise in structuring and executing a wide array of capital markets transactions across TPG, including those involving existing, prospective and former Portfolio Investments (including their affiliates and related entities such as holding companies and subsidiaries). Examples of the ways in which we deploy our capital markets expertise include but are not limited to

- structuring, executing and at times underwriting initial public offerings, follow-on primary offerings and secondary offerings (including "block trades") and private placements of equity securities;
- structuring, executing and at times underwriting high yield and other bond offerings;
- structuring, arranging and placing interests in loans, credit facilities, asset-based facilities, securitizations and similar debt instruments;
- structuring and arranging amendments to existing securities, credit facilities and other instruments;
- structuring and implementing interest rate, foreign exchange and other hedging or derivative strategies;
- structuring and executing other similar transactions to finance the Fund's acquisition of a Portfolio Investment or to enable the Fund to monetize its interest in a Portfolio Investment;
- providing capital markets advice with respect to any of the foregoing transactions; and
- providing any other capital markets services that a third party may render to or with respect to an existing, prospective or former Portfolio Investment and/or their affiliates or related entities.

We expect the types of capital markets services we provide to evolve in light of market developments and industry trends.

Our registered broker-dealer, TPG BD and related entities typically receive compensation for the services we provide in connection with capital markets activities, including but not limited to those listed above. The compensation may take a variety of forms, including, for instance, a portion of the compensation paid to the investment banks that underwrite a securities offering, a fee for

arranging the syndication or placement of debt financing or an advisory fee for facilitating the efficient execution by a Global Vehicle of a “block trade” or other secondary sale to monetize its interest in a pre-IPO or publicly traded Portfolio Investment. Depending on the nature of the transaction, the Global Vehicle, the Portfolio Investment or other parties to the transaction will pay the related fee or fees to TPG BD and/or a related entity. Where legal and regulatory circumstances permit outside the United States, other TPG affiliates may perform such capital markets services and receive compensation for the provision of such services. Any compensation we receive for providing capital markets services will not, in accordance with the Governing Documents, offset the management fee or require the approval of the advisory committee. We intend to disclose annually to investors in the applicable Global Vehicles the amount of compensation we receive for capital markets services rendered in respect of Global Vehicles’ Portfolio Investments.

While we believe that our internal capital markets capabilities help maximize value for our funds, our ability to utilize TPG BD or a related entity in connection with the foregoing transactions gives rise to conflicts of interest. In general, we have an incentive to retain, or to exercise our control or influence over a Portfolio Investment’s management team so that it retains TPG BD (or a related entity) or otherwise transacts with TPG BD (or a related entity) instead of other unaffiliated broker-dealers or counterparties. For instance, TPG BD (or a related entity) could take the place of another investment bank in the syndicate underwriting a securities offering or act as the sole or lead financial institution on a transaction instead of a third-party bank. When involved in a particular transaction, TPG BD (or a related entity) has the incentive to seek higher fees or other favorable terms from the Global Vehicle, the Portfolio Investment or other counterparties, as well as to structure a transaction so that it benefits certain investors in the Global Vehicles or other third parties that are of strategic importance. For example, TPG BD could influence the placement of Portfolio Investment securities or debt instruments so that investors who are sizeable investors in multiple Global Vehicles or who pay TPG BD a placement fee receive an allocation ahead of others. To the extent that our capital markets personnel face competing demands for their time and attention, we have an incentive to devote our limited capital markets resources to Portfolio Investments and transactions that would generate the highest fee for TPG BD (or related entities). TPG employees who provide capital markets services are under no obligation to prioritize the interests of a particular Global Vehicle or its investors in determining how to allocate their time across various projects within TPG.

TPG BD from time to time acts as placement agent in respect of investment funds that are sponsored and managed by third-party investment managers, including funds that may compete with the Global Vehicles. In providing such services to, or with respect to, a competitor fund or company, TPG BD will not take into consideration the interests of the relevant Portfolio Investments or the Global Vehicles.

We generally will evaluate any such transactions on a case-by-case basis to address any such conflicts. Transactions involving a Global Vehicle and TPG BD are also reviewed with regard to the appropriateness of the transaction and any fiduciary obligations. In addition, we review such transactions with outside counsel in an effort to ensure compliance with the requirements of Section 206(3) of the Advisers Act, in respect of principal transactions between any Global Vehicle and us and our affiliates (including TPG BD).

### *Third-Party Placement Agents*

We from time to time enter into arrangements with third parties to raise capital for a Global Vehicle. Such placement agents will likely receive placement fees and/or other compensation (the “Fees”) for providing solicitation and other services with respect to certain investors that invest in a Global Vehicle, and such Fees are generally based upon the size of an investor’s capital commitment to a Global Vehicle, although also have the potential to include flat fees and bonuses. The Fees typically are expected to be paid by an affiliate of the applicable general partner. As a result of the Fees, placement agents have a significant economic incentive to solicit investors to invest in the Global Vehicles, resulting in a material conflict of interest. Placement agents also seek to do business with and earn fees or commissions from the general partners and/or their affiliates, as well as with other third-party fund sponsors that may have similar or different investment objectives from the Global Vehicles. Examples of such business include placement, underwriting, investment banking, lending, consulting, advisory, valuation, personal banking and/or asset management. Accordingly, potential investors should recognize that a placement agent’s participation as placement agent for interests in a Global Vehicle potentially will be influenced by its interest in such current or future fees and commissions, including differentials in the placement fees that are offered by us or other third-party fund sponsors for which the placement agent acts as placement agent. We also reserve the right to allow placement agents and their personnel to invest in a Global Vehicle and/or their respective Portfolio Investments, including on preferential economic terms, which gives rise to potential conflicts of interest.

### *Allocation of Investment Opportunities*

We engage in a broad range of investment and advisory activities for our own account and for the accounts of investment funds. In connection with these activities, investment opportunities will arise that fall within the investment objectives or strategies of two or more Global Vehicles. We therefore expect to encounter situations in which we must determine how to allocate investment opportunities among various Global Vehicles and other persons, which typically include the following:

- the Funds;
- any Co-Investment Vehicles formed to invest side-by-side with one or more Funds in particular transactions entered into by such Funds or for the purpose of pursuing a specific investment strategy. The investors in such Co-Investment Vehicles typically include individuals and entities that are also investors in one or more Funds (which we refer to collectively as “Global Investors”) and/or individuals and entities that are not investors in any Funds;
- Global Investors and/or third parties that wish to make direct investments side-by-side with one or more Global Vehicles in particular transactions; and
- Global Investors and/or third parties acting as “co-sponsors” with us with respect to a particular transaction.

In addition, we and our related persons expect to form, sponsor or acquire in the future additional investment funds, separate accounts or other investment vehicles with investment objectives or strategies substantially similar to, or different from, those of the current Global Vehicles, including additional hedge funds, credit funds, infrastructure funds, life sciences funds, emerging market funds and other regional or sector-focused vehicles. With every new fund, vehicle or account that we form or acquire, there is an increased likelihood of overlapping investment objectives.

In addition, a successor fund limitation in the Governing Documents does not prohibit, restrict or otherwise limit us in any way from engaging in strategic transactions on our own behalf, including the investment in, acquisition of, or combination with, other investment platforms, including investment platforms that sponsor, manage or advise funds, vehicles or accounts with investment mandates that are the same as, or similar to, a Global Vehicle's investment mandate. Any such funds, vehicles or accounts managed, sponsored or advised by us as a result of any such strategic transaction (including predecessor and successor funds; vehicles, co-investing funds, side cars and separate accounts related to any of them; and successors to all of these entities), regardless of whether such strategic transaction occurs prior to, during or after a Global Vehicle's commitment period, would typically be excluded from a Global Vehicle's successor fund limitation.

The Global Vehicles are generally subject to contractual investment allocation requirements, such as "duty to offer" provisions or clauses stipulating a specified allocation for certain types of investments. Many, though not all, Global Vehicles have "duty to offer" provisions, and these provisions are customized for each Global Vehicle in light of its mandate. For example, the "duty to offer" provisions of some Global Vehicles have a geographic or industry focus. These provisions typically carve out certain types of investment opportunities, including follow-on investments or dispositions by other Global Vehicles and overlap situations as described below. In certain cases, these "duty to offer" provisions will give a Global Vehicle contractual priority over certain investments even though such investments may fall within the "duty to offer" provisions or investment objectives of other Global Vehicles. We refer to these contractual investment allocation requirements, which are typically set forth in the Governing Documents of the Global Vehicles, as the "Investment Allocation Requirements."

When making allocation decisions, we are guided by our contractual obligations to the Global Vehicles, as well as our allocation procedures and principles. For each allocation decision, we first apply the relevant Investment Allocation Requirements. Historically, applying the Investment Allocation Requirements has tended to result in the identification of a single Global Vehicle to pursue an investment opportunity. That is, we often conclude that an investment opportunity falls within the "duty to offer" of a single Global Vehicle and not any other Global Vehicle, based on it being suitable for, and satisfying the other "duty to offer" criteria of, that Global Vehicle or alone.

Certain Global Vehicle's Governing Documents may not impose on us a "duty to offer" to a Global Vehicle any potential investment opportunity, meaning we have no obligation to pursue through the Global Vehicle (as opposed to another Global Vehicle or TPG and/or its affiliates) an opportunity that fits within a Global Vehicle's investment objective. If we determine that an opportunity is suitable in whole or in part for one or more other Global Vehicles, we may offer that opportunity to such other Global Vehicle(s) before offering it to a Global Vehicle, and such Global Vehicle will participate only after such other Global Vehicle(s) have received its or their

suitable and/or contractually required allocations, as determined by us in our sole discretion. In addition, we may determine that an investment is suitable for another Global Vehicle, taking into account the investment objectives or other relevant provisions of the limited partnership or equivalent agreement or marketing materials of such Global Vehicle, even where such other Global Vehicle does not have a contractual “duty to offer” with respect to such investment. Similarly, we may determine that an investment in a portfolio company should be made on behalf of TPG or its affiliates (for their own account), or would be more appropriate as a business combination with TPG or its affiliates, even where such investment is suitable for a Global Vehicle (see “*Conflicts Related to Strategic Transactions*”). In certain instances, we expect that certain TPG personnel or their related family offices, estate planning structures, trusts, foundations, charitable programs or similar arrangements will source investment opportunities that may be appropriate for a Global Vehicle, but will have no duty to offer such investments to the Global Vehicle.

Accordingly, investment opportunities allocated to such a Global Vehicle will generally be those that satisfy the investment objective of the Global Vehicle and that we conclude are: (i) sourced by a member of a Global Vehicle’s team; (ii) more appropriate for a Global Vehicle than another Global Vehicle; (iii) too large for another Global Vehicle to make on its own, in which case a Global Vehicle could be offered the opportunity to co-invest alongside such other Global Vehicle; (iv) too small for another Global Vehicle in which case the entire opportunity could be offered to a Global Vehicle; or (v) otherwise not suitable for other Global Vehicles or TPG, given factors that could include, for example, those set forth below, in which case a Global Vehicle could pursue the entire opportunity by itself or alongside other Global Vehicles with overlapping strategies, or alongside TPG, its affiliates, and any of their family offices, estate planning structures, trusts, foundations, charitable programs or similar arrangements. We have significant discretion in allocations of investments to the Global Vehicles, and as a result of other Global Vehicles’ priority rights, a Global Vehicle likely will not be offered the opportunity to participate in certain investment opportunities, and participation by a Global Vehicle in such opportunities may be limited or curtailed to the extent required by the priority rights of such other Global Vehicles. In addition, our allocation of investment opportunities among a Global Vehicle and the other Global Vehicles and TPG and/or its affiliates potentially will result in the allocation of all or none of an investment opportunity to a Global Vehicle (including in connection with follow-on investments), or a disproportional allocation among a Global Vehicle and other Global Vehicles and/or TPG and its affiliates, with such allocations being less advantageous to a Global Vehicle relative to other Global Vehicles and/or TPG and its affiliates. As described in *Conflicts Arising from Other Investment Activities of the Global Vehicles – Walled-Off Businesses*, certain TPG Management Companies are on the other side of a permanent information barrier from us, and a Global Vehicle generally will not be allocated any opportunity sourced by such TPG Management Company.

Depending on the circumstances, any suitable investment opportunities could be (i) allocated entirely to a Global Vehicle, (ii) allocated entirely to another Global Vehicle or other parties, (iii) shared between a Global Vehicle and one or more Global Vehicles, including co-investors or (iv) allocated entirely or partially to TPG and/or its affiliates.

We allocate the investment opportunity in accordance with our contractual obligations and/or allocation principles. These principles reflect factors that we determine in good faith to be fair and reasonable. Factors we currently consider include, but are not limited to:

- the investment focuses and objectives of the relevant Global Vehicles;
- the TPG professionals who sourced the investment opportunity;
- the professionals who are expected to oversee and monitor the investment;
- transaction dynamics, including dynamics with the management team of the relevant investment (e.g., whether the management team of the investment indicates a preference for a strategic transaction with TPG or a transaction with certain TPG personnel rather than an investment by the Global Vehicles);
- the expected amount of capital required to make the investment as well as the relevant Global Vehicles' current and projected capacity for investing (including for any potential follow-on investments);
- the relevant Global Vehicles' targeted rate of return and investment holding period;
- expected cash characteristics (such as cash-on-cash yield, distribution rates or volatility of cash flows);
- loan-to-value ratio or debt service coverage ratio of the Portfolio Investment;
- the stage of development of the prospective Portfolio Investments;
- the existing portfolio of investments of the relevant Global Vehicles;
- the investment opportunity's risk profile;
- portfolio diversification and concentration concerns (including, but not limited to (i) allocations necessary for the Global Vehicles to maintain a particular concentration in a certain type of investment (e.g., if another Global Vehicle follows a liquid strategy pursuant to which it sells a type of investment more or less frequently than a Global Vehicle and the other Global Vehicle needs a non-pro rata additional allocation to maintain a particular concentration in that type of investment) and (ii) whether the Global Vehicles already have desired exposure to the investment, sector, industry, geographic region or markets in question);
- the credit and default profile of an investment or borrower (e.g., FICO score of a borrower for residential mortgage loans; the credit rating of an issuer of debt instruments; etc.);
- the expected life cycle and duration of commitment period of the relevant Global Vehicles;



- any investment targets or restrictions (e.g., industry, concentration, size, etc.) for the relevant Global Vehicles;
- investment target sizes for the relevant Global Vehicles, including any predetermined maximum and minimum investment sizes for the Global Vehicles;
- the applicable sector, geography/location or jurisdiction of the investment and any attendant impact on credit, perfection, enforcement rights or other factors;
- the ability of the relevant Global Vehicles to accommodate structural, timing and other aspects of the investment process;
- the ability of the relevant Global Vehicles to employ leverage, hedging, derivatives or other similar strategies in connection with acquiring, holding, disposing of or otherwise realizing upon the particular investment opportunity, and any requirements or other terms of any existing leverage facilities; and
- legal, tax, contractual, regulatory or other considerations that we deem relevant.

The relevance of each allocation principle will vary from investment opportunity to investment opportunity, with no single factor consistently outweighing the others. While we seek to apply a generally consistent framework and approach, the facts and circumstances of each allocation decision remain determinative.

In addition, we expect our allocation principles, and procedures more generally, to change over time, including during a Global Vehicle's commitment period. For example, we have and could continue to establish allocation criteria to apply more mechanically to particular categories of investments. We do not intend to notify investors of any changes we make to our allocation policies, procedures or principles.

TPG has established a committee which we refer to as the "Allocation Committee," our allocation principles and make allocation decisions in situations where the investment interests of multiple Global Vehicles overlap. The composition of the Allocation Committee includes senior TPG professionals representing major investment platforms, with the exception of platforms on the other side of a permanent information barrier (see "*Conflicts Arising from Other Investment Activities of the Global Vehicles – Walled-Off Businesses*") and TPG as a whole. We expect the Allocation Committee's composition and role in the allocation process to evolve over time.

The application of our allocation principles is a fact-intensive exercise. While we base our allocation decisions on the information available to us at the time, this information could prove, in retrospect, to be incomplete or otherwise flawed. Furthermore, the weight we ascribe to certain considerations will evolve over time in response to, among other things, changes in market conditions, the competition we face for investments and the mix of opportunities available to the Global Vehicles. The Allocation Committee makes allocation determinations based solely on its expectations at the time investments are made, however investments and their characteristics may change and there can be no assurance that an investment may not prove to have been more suitable for another Global Vehicle in hindsight. Additionally, because the Global Vehicles are advised by

different personnel that may have differing views regarding the attractiveness of a particular investment, the Global Vehicles are expected from time to time to decline to pursue an investment that is then pursued by another Global Vehicle, us and/or our affiliates or vice versa. The allocation of opportunities requires us to make subjective judgments. Any such judgments and their application involve inherent conflicts and risks that assumptions regarding investment opportunities will not ultimately prove correct and accordingly, there can be no assurance that our subjective judgments will prove correct in hindsight.

In making an allocation decision, additional potential conflicts of interest are expected to arise. Specifically, because the Global Vehicles have different fee, expense and compensation structures, we have an incentive to allocate an investment opportunity to the Global Vehicle that would generate a higher fee or more carried interest. Similarly, because we and/or our affiliates have a direct economic interest in proprietary investments, we are subject to conflicts of interest in determining that an investment opportunity is appropriate for us and/or our affiliates in priority to a Global Vehicle. In addition, our professionals will generally participate indirectly in investments made by Global Vehicles in which they invest (see “*Conflicts Arising from Interests of Our Professionals in the Global Vehicles*”). We do not explicitly take such considerations into account in making allocation decisions and expect that our procedures and principles will help mitigate the risk that these incentives implicitly influence our allocation decisions.

An allocation decision could result in a single Global Vehicle being allocated an entire investment opportunity, or in multiple Global Vehicles sharing an investment opportunity on a basis approved by the Allocation Committee. Allocating all or any portion of an investment opportunity to one or more Global Vehicles and/or us and/or our affiliates instead of another Global Vehicle will reduce the amount available to the other Global Vehicle for investment. In certain cases, a Global Vehicle would likely decline to pursue an investment opportunity if it determines its allocation is too small to be appropriate for it.

We and/or a Global Vehicle from time to time invest in the securities offerings of a Portfolio Investment held by another Global Vehicle (including through initial public offerings), which would result in us and/or a Global Vehicle receiving an allocation of Portfolio Investment securities. In addition to conflicts of interest arising from the allocation of such securities, this arrangement also leads to similar conflicts described below, among other places, under “*Conflicts Related to Investing in Different Levels of the Capital Structure*.”

Even when we determine that all or part of an investment opportunity should be allocated to a particular Global Vehicle, the Governing Documents of certain Global Vehicles allow us, in our complete discretion and notwithstanding our other allocation principles, to offer to other Global Vehicles or co-investors a certain amount of the portion of such opportunity allocated to such Global Vehicle. This right is separate from and in addition to our ability to allocate co-investment from “overage” after the Global Vehicle receives its appropriate allocation. We typically are able to exercise this right in a variety of ways, including on a deal-by-deal or more systematic basis. If we elect to exercise this right with respect to any investment opportunity, we could be awarding the other Global Vehicles (and their respective investors) or co-investors greater exposure to the investment than they would otherwise receive. Such Global Vehicles or co-investments may generate more fees, carried interest or other compensation than we would have received from the Fund to which the investment opportunity should be allocated.

From time to time, we expect to determine final allocations among Global Vehicles only after certain expenses or other amounts have already become due and payable. In these circumstances, a Global Vehicle could initially bear the full amount of an upfront payment or expense, even if another Global Vehicle ultimately participates in the investment. In such a circumstance, the other Global Vehicle would reimburse the Global Vehicle for its proportionate share of such payment or expense when we determine the final allocation of the investment opportunity among the Global Vehicles, potentially without interest. Prior to a final allocation decision, we or an affiliate thereof may enter into a purchase and sale agreement in connection with the acquisition of an investment. After a final allocation decision, we or an affiliate may assign all or any portion of such purchase and sale agreement to one or more Global Vehicles. While highly unlikely, it is possible that the other Global Vehicle could default on its obligation to reimburse the Global Vehicle.

TPG organizes and sponsors separate public investment vehicles whose purpose is to make a single investment (each such vehicle, a “Special Purpose Acquisition Company”). TPG typically acquires “founder” shares and occasionally other securities of such Special Purpose Acquisition Companies. Any return or other amounts TPG earns with respect to those securities or otherwise as sponsor of a Special Purpose Acquisition Company will not reduce the management fees or carried interest payable by any Global Vehicles. As Special Purpose Acquisition Companies are organized when certain Global Vehicles have active investment periods, they may raise conflicts of interest similar to those that arise among Global Vehicles, including with respect to the allocation of investment opportunities and expenses. For example, a Special Purpose Acquisition Company could invest in an opportunity a Global Vehicle initially considered and may therefore benefit from the Global Vehicle’s prior diligence, potentially without any corresponding obligation to reimburse the applicable Global Vehicle for the cost of the diligence or related expenses. In addition, a TPG-sponsored Special Purpose Acquisition Company may acquire or combine with a Portfolio Investment of Global Vehicle (assuming the receipt of any necessary approvals under the Governing Documents of the applicable Global Vehicles).

As described herein, TPG’s founders and certain other senior personnel have established family offices (each, a “Family Office” and collectively the “Family Offices”) to provide investment advisory and other services to their respective family accounts (including certain charitable accounts) in connection with their personal investment activities. Certain firms considered Family Offices for this purpose may also provide services to other third-party clients. The investment activities of the Family Offices and the involvement of TPG’s founders and other senior personnel in these activities give rise to potential conflicts between the personal financial interests of such personnel and the interests of Global Vehicles. For example, a Family Office could make an investment that falls within a Global Vehicle’s investment objectives, could invest in a company in which a Global Vehicle also holds an interest (which may be at a different level of the company’s capital structure), could invest in a company that competes or has another business relationship with a Portfolio Investment of a Global Vehicle, or could otherwise engage in an activity that would be inconsistent with the interests of TPG, a Global Vehicle, or a Portfolio Investment. While we seek to mitigate certain of these potential conflicts of interest, our efforts will not necessarily reduce or eliminate them.

### *Allocation of Co-Investment Opportunities*

From time to time, we have the option to offer one or more Global Vehicles, Co-Investment Vehicles, Global Personnel or third parties the opportunity to invest alongside a Fund, or “co-invest,” in an investment a Fund is making either directly or through a TPG-controlled vehicle established to invest in one or more co-investment opportunities. With respect to Global Investors, the situation generally arises when the amount of capital necessary to complete a transaction exceeds the amount we determine is appropriate for the Fund, after taking into account additional capital to be contributed by other Funds and any

- co-underwriters;
- co-sponsors (including other third-party managed pooled investment vehicles in which we or our affiliates or Global Personnel personally, may hold an interest) or co-venturers;
- Senior Advisors (and the funds they manage);
- TPG employees and other affiliated personnel; and
- other parties or consultants that assisted in sourcing or completing the transaction or provide other strategic value.

Depending on a Global Vehicle’s Governing Documents, we sometimes also have the option to offer preferential access to co-investment opportunities on a systematic basis, including to our employees, other affiliated personnel or others (allowing, for instance, the investor to co-invest in an aggregate fixed dollar amount over the life of a Global Vehicle or in each Global Vehicle’s investment of a certain size or that has certain other characteristics). Such co-investment may be undertaken on a programmatic basis (i.e., across Portfolio Investments in certain sectors or regions). While we believe this co-investment arrangement helps align the interests of our employees and other affiliated personnel with those of a Global Vehicle’s investors, this arrangement also gives rise to conflicts of interest. For example, Global Personnel would have an incentive to focus on creating value in the Portfolio Investments in which they made co-investments, even if it would be in a Global Vehicle’s interest for the Global Personnel to prioritize other Portfolio Investments that would be more significant drivers of overall Global Vehicle returns. Moreover, we reserve the right to enter into agreements with certain Senior Advisors and other consultants, advisors, strategic partners and other third parties that require us to preferentially offer them (or the funds they manage) on a systematic basis co-investment opportunities. The exercise of these co-investment rights will limit the size of investment opportunities available to the Global Vehicles and the amount of co-investment opportunities available to other potential co-investors. We would also expect the future formation by us of other Global Vehicles (including industry-, geography- or strategy-focused side cars) to reduce the amount of co-investment opportunities available to investors. We will offer co-investments pursuant to the procedures included in such Global Vehicles’ Governing Documents and as described in the following paragraphs.

Subject to any restrictions contained in the Governing Documents of the relevant Global Vehicle or any side-letter or other terms negotiated with respect to such Global Vehicle, in general we have

complete discretion to determine to whom we will offer and award co-investment opportunities. In particular,

- we expect to give co-investment opportunities to
  - Global Investors;
  - Senior Advisors (and the funds they manage);
  - TPG employees and other affiliated personnel;
  - Global Personnel;
  - Co-Investment Vehicles;
  - investors in Global Vehicles;
  - prospective investors in one or more Global Vehicles;
  - consultants;
  - advisors;
  - strategic partners; and
  - other third parties;
- we generally are under no obligation to offer to Global Investors any co-investment opportunities;
- we can offer co-investment opportunities selectively to some Global Investors and not offer them to all Global Investors;
- allocations of co-investment opportunities between Global Investors will not correspond to their pro rata interests in the relevant Global Vehicle;
- we are authorized to agree to offer certain Global Investors preferential access to co-investment opportunities on a systematic basis (for example, by granting a Global Investor either the right to co-invest in each investment that meets specific criteria or a certain amount of co-investment opportunities over the life of the Global Vehicle), including in connection with anchor investments, broader strategic relationships or other arrangements where investors agree to invest in a Global Vehicle;
- we are authorized to form vehicles to pursue opportunities on behalf of investors with a particular sector or other strategy focus; and

- non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require us to notify the recipients of such acknowledgements if there is a co-investment opportunity.

While the criteria we use in making discretionary co-investment decisions vary from opportunity to opportunity, in our view the most important factors are:

- certainty of funding—that is, whether the potential co-investor has the financial resources to provide the requisite capital in a timely fashion;
- certainty of execution—that is, the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-investment opportunity, including if any investor has granted TPG investment discretion in respect of its co-investments or has committed to any non-discretionary co-investment vehicles;
- any contractual obligations to provide co-investment opportunities and related rights and/or remedies or whether we have previously expressed a general intention to seek to offer co-investment opportunities to the potential co-investor;
- the size of the potential co-investor’s actual or proposed commitment to Global Vehicles (including concurrently with the applicable co-investment) and the anticipated importance of the potential co-investor to future TPG fundraising campaigns, including whether such person has demonstrated a long-term and/or continuing commitment to the success of TPG and/or its funds;
- the ability of the potential co-investor to invest in potential follow-on investments in respect of the co-investment opportunity;
- any economic arrangements with the potential co-investor, including the payment of any fee, carried interest and/or other compensation to TPG;
- the likelihood that the potential co-investor would require governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the potential co-investor would be willing to assume a more passive role in such co-investment opportunity);
- the tax profile of the potential co-investor and the tax characteristics of the co-investment opportunity;
- whether the potential co-investor has any existing position in the co-investment opportunity;
- the ability of the potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills or insight; and
- the overall strategic benefit to the transaction, the Global Vehicle or TPG of offering a co-investment opportunity to the potential co-investor.

Other criteria that will from time to time be relevant include but are not limited to:

- the expertise of the potential co-investor with respect to the geographic location or business activities, asset class or industry of the prospective target company or Portfolio Investment;
- the investment objectives and existing portfolio of the potential co-investor;
- the tax, legal or regulatory constraints to which the proposed investment is expected to give rise;
- any foreign direct investment considerations (including CFIUS);
- the reporting, public relations, competitive, confidentiality or other issues that can also arise as a result of the co-investment;
- contractual requirements related to allocation of co-investment opportunities; and
- any other facts or circumstances that we deem appropriate or relevant.

We expect that these factors will lead us to favor some potential co-investors over others with respect to the frequency with which we offer them co-investment opportunities. We also expect to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors.

We may offer our employees and other affiliated personnel the opportunity to co-invest in a Portfolio Investment in a percentage of certain Global Vehicles as stated in the Governing Documents for such Global Vehicle. Such co-investment may be undertaken on a programmatic basis (i.e., across Portfolio Investments in certain sectors or regions). Amounts Senior Advisors co-invest would not count against the cap. While we believe this co-investment arrangement helps align the interests of TPG employees and other affiliated personnel with those of investors, this arrangement also gives rise to conflicts of interest. For example, a TPG employee would have an incentive to focus on creating value in the Portfolio Investments in which such TPG employee made co-investments, even if it would be in a Global Vehicle's interest for the TPG employee to prioritize other Portfolio Investments that would be more significant drivers of overall Global Vehicle returns.

Moreover, we may enter into agreements with certain Senior Advisors and other consultants, advisors, strategic partners and other third parties that require us to preferentially offer them (or the funds they manage) on a systematic basis co-investment opportunities. The exercise of these co-investment rights will limit the size of investment opportunities available to the Global Vehicles and the amount of co-investment opportunities available to other potential co-investors. We would also expect the future formation by us of other Global Vehicles (including industry-, geography-, or strategy-focused side cars) to reduce the amount of co-investment opportunities available to investors.

Our exercise of discretion in allocating investment opportunities among potential co-investors and in the manner discussed above often will not result in proportional allocations among such co-

investors, and such allocations will likely be more or less advantageous to some relative to others. In addition, co-investments will not necessarily be made on the same terms as a Fund's investment in the Portfolio Investment. For example, co-investors generally pay no advisory fees or carried interest in connection with the co-investment, or pay them at a lower rate than the investors in the Fund or Funds with which they are co-investing. The portfolio fees received by us in respect of a co-investor's allocable portion of an investment will not typically offset the management fee payable by a Global Vehicle's investors. Co-investors may also acquire their interest in a Portfolio Investment at the same time as the Global Vehicles or purchase their interest from the applicable Global Vehicles after such Global Vehicles have consummated the investment in the Portfolio Investment (also known as a post-closing sell down or transfer). In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which a Fund is throughout the investment process. When co-investors purchase their interest from the Global Vehicle after the Global Vehicle has consummated the investment, we determine the price paid by co-investors in our discretion and the Global Vehicle oftentimes will not be entitled to interest on such amounts or the reimbursement of any carrying costs, such as interest expenses on a credit facility borrowing. The price generally will not reflect the full cost incurred by the Global Vehicle in connection with the investment, any interest charge or other carrying costs on the co-investment amount, the cost of establishing the credit facility utilized to acquire the Portfolio Investment (if applicable) or the risk borne by the Global Vehicle in connection with purchasing and warehousing the investment. Any such co-investors, although they benefit from a Global Vehicle's subscription credit facility, will also not bear any portion of the costs of maintaining the Global Vehicle's subscription credit facility, which, along with the costs of establishing the facility, will be borne entirely by the Global Vehicle. Additionally, conflicts of interest also have the potential to arise to the extent that a subscription credit facility is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription credit facility and neither the relevant Global Vehicle nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities. In addition, any capital contributed to a Global Vehicle by an investor that is used to purchase and warehouse a portion of an investment and that is returned to the investor following the acquisition of such portion of the investment by co-investors will increase such investor's unused capital commitment and will not be taken into account for purposes of calculating the preferred return. Co-investors, including limited partners, Senior Advisors and affiliated personnel, are sometimes given the option to participate in follow-on investments with respect to a particular investment but are generally not obligated to participate. When co-investors elect not to participate in a follow-on investment, it would likely have the effect of increasing a Global Vehicle's sharing percentage of such follow-on opportunity and reduce alignment between the co-investor, on one hand, and the Global Vehicle and its investors, on the other hand.

In the event we are not successful in finding co-investors for a particular opportunity, the relevant Global Vehicle will consequently have greater exposure to the related investment opportunity than was intended, which could make the Global Vehicle more susceptible to fluctuations in value resulting from adverse economic or business conditions. Co-investors, including limited partners, Senior Advisors and affiliated personnel, are sometimes given the option to participate in follow-on investments with respect to a particular investment but are generally not obligated to participate. When co-investors elect not to participate in a follow-on investment, it would likely have the effect



of increasing a Global Vehicle's sharing percentage of such follow-on opportunity and reduce alignment between the co-investor, on one hand, and the Global Vehicle and its investors, on the other hand. In addition, to the extent that we engage in a secondary liquidity transaction in connection with an investment, co-investors may not necessarily receive the same liquidity options as investors in a Global Vehicle and may therefore be compelled to receive cash or continue to hold an interest in the investment, depending on the particular facts of the transaction.

The amount of portfolio fees generated as a result of co-investments in connection with any Portfolio Investment will often not reduce the management fees paid by the Global Vehicles and will therefore be retained by us. The allocation of co-investment opportunities will, in many or all cases, also involve a benefit to us in addition to the receipt of such portfolio fees including the receipt of advisory fees or allocation of carried interest from the co-investor. As a result of the foregoing, we could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement or economic terms.

We could charge investors up-front fees to participate in a co-investment (through TPG BD, our registered broker-dealer, or otherwise) or other one-time or ongoing fixed and/or incentive-based compensation. To the extent we earn fees for placing or managing co-investment interests, we would have an incentive to offer more co-investment through these channels, even if it would limit the amount of co-investment opportunities available to the investors. In addition, we (and not the Global Vehicles) will earn this compensation even if a Global Vehicle initially warehouses a portion of an investment that is intended to be syndicated to co-investors (as described above). As a result, the Global Vehicles, and therefore investors, will bear the risk that a co-investment is not ultimately syndicated but we, and not the Global Vehicles, would receive compensation in the event the syndication is ultimately successful.

In the event that we determine to offer an investment opportunity to co-investors, there can be no assurance that we will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for a Global Vehicle or that expenses incurred by a Global Vehicle with respect to the syndication of the co-investment will not be substantial. Global Vehicles bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms and that, as a consequence, the Global Vehicles may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such Portfolio Investment or may realize lower than expected returns from such investment. In the event that we are not successful in finding co-investors for a particular opportunity, a Global Vehicle may not be able to consummate such investment, and if consummated, the Global Vehicle will consequently bear all related expenses and have greater exposure to the related investment opportunity than was intended, which could make the Global Vehicle more susceptible to fluctuations in value resulting from adverse economic or business conditions. Moreover, an investment by a Global Vehicle that is not syndicated to co-investors as anticipated could significantly reduce the Global Vehicle's overall investment returns. Therefore, it is possible that a Global Vehicle that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

### *Allocation of Fees and Expenses for Broken Deals*

We employ the same procedures and principles as described above under “*Allocation of Investment Opportunities*” when allocating fees and expenses incurred in connection with “broken deals,” or potential investments that we actively consider but do not consummate. That is, we generally make fee and expense allocation decisions while a transaction is pending based on our best judgment of the Fund or Funds to which we will ultimately allocate the transaction. This judgment is necessarily subjective, especially when a transaction is terminated at an early stage. When we abandon an opportunity, absent a factual development to the contrary, we will allocate the fees and expenses for such transaction to such Fund or Funds. An investor bears its pro rata share of fees and expenses for transactions that are terminated, including those terminated before the investor’s admission into a Global Vehicle. The allocations of fees and expenses among Funds may not be proportional. For example, to the extent one or more Funds were involved in a broken deal, the fact that the Funds at times have different expense reimbursement terms, including with respect to advisory fee and similar offsets, could result in the Funds bearing different levels of expenses with respect to the same investment.

The financial position of the relevant Funds could give us an incentive to allocate such fees and expenses to one such Fund and not another. For example, it would be advantageous to allocate broken deal fees and expenses to a Fund that is not expected to pay carried interest to its general partner, as the fees and expenses would not affect the amount of carried interest paid—it would be zero in any case. Conversely, it typically would be disadvantageous as an economic matter to allocate broken deal fees and expenses to a Fund that is paying carried interest, as doing so would delay and reduce the amount of carried interest paid to the relevant general partner. As with our other allocation decisions, our allocation procedures and principles are designed to help mitigate the risk that financial incentives implicitly influence the allocation of broken deal fees and expenses.

In addition, as discussed above in Item 5, in certain instances we will evaluate investment opportunities that, if consummated, we would likely offer in part to prospective co-investors, including affiliated co-investors. If such a potential investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment and co-investment (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) will typically be borne entirely by the applicable Global Vehicles, rather than by any such prospective co-investors. Alternatively, such co-investors could independently pursue such transaction with reimbursing the Global Vehicles for their broken deal costs.

### *Allocation of Other Fees and Expenses*

From time to time, we determine whether to allocate certain other fees and expenses among Global Vehicles and TPG. In exercising our discretion to allocate such fees and expenses, we face a variety of potential conflicts of interest. We will generally allocate fees and expenses to be split between us, the TPG Management Companies, the Global Vehicles and/or Portfolio Investments, in each case in accordance with the Global Vehicles’ Governing Documents. To the extent not addressed in the Governing Documents, we generally will allocate such fees and expenses in our sole discretion, in each case in good faith using our best judgment. Because certain expenses are paid

for by a Global Vehicle and/or its Portfolio Investments or, if incurred by us, are reimbursed by a Global Vehicle and/or its Portfolio Investments, we will not necessarily seek out the lowest cost options when incurring (or causing a Global Vehicle or its Portfolio Investment to incur) such expenses.

A Global Vehicle may sell down an interest in its Portfolio Investments to co-investors. Subject to the applicable Governing Documents, we may charge (or may decide not to charge) a co-investor (such as a Global Investor or third party) interest costs for the time period between the closing of the applicable Global Vehicle's investment in a Portfolio Investment to the date of the transfer of interests in such Portfolio Investment to the applicable co-investor.

Please see "*Resolution of Conflicts*" above for a description of the means by which we and our related persons may seek to alleviate conflicts of interest among the Global Vehicles or other accounts or persons.

#### *Allocation of Secondary Transfer Opportunities*

To the extent we have discretion over a secondary transfer of interests in a Global Vehicle pursuant to such Global Vehicle's Governing Documents, or if we are asked to identify Global Investors or third parties that could potentially acquire an interest being transferred, we will consider the factors listed above under "*Allocation of Co-Investment Opportunities*" in exercising such discretion or making such identification.

#### *Conflicts Related to Transactions with Other Global Vehicles*

In certain rare instances, we may cause a Global Vehicle to purchase investments from another Global Vehicle, or we may cause a Global Vehicle to sell investments to another Global Vehicle. In connection with such transactions, we and/or our professionals may

- have significant investments or intentions to invest in the Global Vehicle that is selling and/or purchasing such an investment; or
- otherwise have a direct or indirect interest in the investment (such as through certain other participations in the underlying investment).

We may receive management or other fees in connection with our management of the relevant Global Vehicles involved in such a transaction or in connection with the transaction itself, and may also be entitled to share in the investment profits of the relevant Global Vehicles. We and our professionals would be presented with certain conflicts of interest in effecting these transactions. To address these conflicts of interest, we will seek to cause a Global Vehicle to engage in such transactions only if we determine that the terms and conditions of such transaction are substantially as advantageous to such Global Vehicle as the terms it would obtain in a comparable arm's-length transaction with a third party. For additional information regarding transactions between Global Vehicles, including a discussion of related conflicts of interest, please see Item 12, under "*Cross Transactions*."

### *Conflicts Related to Investing Alongside Other Global Vehicles*

We expect a Global Vehicle and one or more other Global Vehicles to make investments in the same company or with respect to the same Portfolio Investment (either directly or indirectly) in accordance with the Global Vehicles' Governing Documents and our allocation policies or procedures. In many such cases, a Global Vehicle will co-invest in lockstep with the other Global Vehicle, with both funds making and exiting the shared investment at the same time and on substantially the same terms. In some situations, however, the Global Vehicles will have different entry and/or exit timing in the same Portfolio Investment, acquire the same or a different security or extend credit on different terms or acquire different assets from the same Portfolio Investment, originate and/or otherwise make investments in different parts of a Portfolio Investment's or asset's capital structure (as described in "*Conflicts Related to Investing in Different Levels of the Capital Structure*"). For example, a Global Vehicle could invest in the publicly traded securities of another Global Vehicle Portfolio Investment, including by purchasing these securities in an initial public offering, in a secondary offering by the Global Vehicle or in the open market. In such a scenario, given the different entry points, the Global Vehicle, or the applicable Portfolio Investment, and the other relevant Global Vehicle are not required to exit their respective investments at the same time and on substantially the same terms. Even when a Global Vehicle (directly or indirectly through a Portfolio Investment) and the other Global Vehicle participate in the same equity securities of a particular portfolio company, having invested at the same time and on the same terms, it is possible that, taking into consideration, among other things, the respective terms, commitment periods, structures and investment strategies of each fund and/or Portfolio Investment, as applicable, as well as any applicable tax, regulatory or legal restrictions or considerations, a Global Vehicle (directly or indirectly through a Portfolio Investment) could exit the shared investment at a different time, at a different effective price or with differing costs or terms than the other Global Vehicle. For instance, a Global Vehicle that is close to the end of its commitment period could make a shared investment with a Portfolio Investment of another Global Vehicle when such Portfolio Investment is at the very beginning of its commitment period. Alternatively, a Global Vehicle could invest in a subsequent financing round of an existing Portfolio Investment of the other Global Vehicle, assuming receipt of the necessary approvals (if any) from the advisory committees of the respective funds. In these scenarios, given the different entry points, a Global Vehicle and the other Global Vehicle(s) are not required to exit their respective investments at the same time and on substantially the same terms. Even when a Global Vehicle and other Global Vehicle(s) participate in the same security, loan or other financing extended to a particular Portfolio Investment, having invested at the same time and on the same terms, it is possible that, taking into consideration, among other things, the respective terms, commitment periods, structures and investment strategies of each fund, as well as any applicable tax, regulatory or legal restrictions or considerations, a Global Vehicle could exit the shared investment at a different time, at a different effective price or with differing costs or terms than the other Global Vehicle(s). For instance, a Global Vehicle that is close to the end of its commitment period could make a shared investment with another Global Vehicle when such Global Vehicle is at the very beginning of its commitment period. In all of these cases, the other Global Vehicle's view of the investment and its interests may diverge from those of the first Global Vehicle. This could cause the Global Vehicle to dispose of, increase its exposure to or continue to hold the investment at a time when the other Global Vehicle has taken a different approach including the Global Vehicle participating in the extension of additional credit to such Portfolio Investment which such other Global Vehicle determines not to participate in such issuance. As a result, the

actions of the Global Vehicle could affect the value of the other Global Vehicle's investment. For instance, a sale by the Global Vehicle of its investment could put downward pressure on the value of the other Global Vehicle's interest, which such Global Vehicle has opted to hold longer term. The Global Vehicle is under no obligation to act in a way that furthers or protects the interests of the other Global Vehicle. The Global Vehicle could earn a return on its investment that exceeds the other Global Vehicle's return.

In addition, if one Global Vehicle is unable to fund its share of additional capital (e.g., in the event such Global Vehicle does not have sufficient available capital), the other Global Vehicle may be obligated to fund more than its share of such amount. In such event, one Global Vehicle will gain greater exposure to such investment than may have been intended and the other Global Vehicle will be diluted in such investment. The returns of each Global Vehicle may be negatively impacted as a result of the foregoing. Additionally, to the extent a Global Vehicle invests in the same Portfolio Investment as another Global Vehicle but at a different time, the Global Vehicle typically would be expected to bear a higher level of diligence and transaction fees, costs and expenses than the other Global Vehicle that invested later. We will, in certain circumstances, have an opportunity to acquire a portfolio or pool of assets, securities, loans, debt securities and other instruments that we determine should be divided and allocated among the Global Vehicles. In this situation, the combined purchase price paid to the seller(s) would be allocated among the multiple assets being acquired and therefore among the Global Vehicles acquiring any of the assets, although we could, in certain circumstances, allocate value to the Global Vehicles on a different basis than the contractual purchase price (including based on the underlying values of the assets in such portfolio(s)). Regardless of the methodology for allocating value, we will have conflicting duties to the Global Vehicles when assets are bought together in a portfolio, including as a result of different financial incentives we have with respect to the Global Vehicles, most clearly when the fees and compensation, including performance-based compensation, earned from the Global Vehicles differ. There can be no assurance that a Portfolio Investment of the Global Vehicles will not be valued or allocated a purchase price that is higher or lower than it might otherwise have been allocated if such Portfolio Investment were acquired or sold independently rather than as a component of a portfolio shared with other Global Vehicles. Similar considerations could apply where multiple Global Vehicles are selling assets to a single purchaser as a portfolio.

A Global Vehicle will from time to time invest in opportunities that other Global Vehicles have declined, and likewise, a Global Vehicle will from time to time decline to invest in opportunities in which other Global Vehicles have invested.

Our employees and related persons have made, and expect in the future to make, capital investments in or alongside certain Global Vehicles, or in prospective Portfolio Investments directly or indirectly, and therefore have additional conflicting interests in connection with these investments.

#### *Conflicts Related to Investing in Different Levels of the Capital Structure*

The Global Vehicles invest in a broad range of asset classes throughout the corporate capital structure, including loans and debt securities, preferred equity securities and common equity securities; certain Global Vehicles also engage in short selling. Accordingly, from time to time one Global Vehicle holds an interest in one part of an investment's capital structure while another

Global Vehicle holds an interest in another; similarly, a Global Vehicle may hold a “long” position in a Portfolio Investment that another Global Vehicle is “short,” or vice versa. As TPG’s number and range of products grows, we expect the frequency of such practices to increase. In certain circumstances, Global Vehicles’ investment professionals may be unaware, as a result of information barriers, of another Global Vehicle’s participation, the size of the Global Vehicle’s investment or otherwise. Decisions taken by one Global Vehicle in these circumstances to further its interests may be adverse to the interests of the other Global Vehicle.

For example, a Global Vehicle could acquire debt securities in a company or other issuer whose equity securities are already held by another Global Vehicle or another Global Vehicle could lend to a company in which a Global Vehicle already holds an equity stake. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a Portfolio Investment. As a creditor of the company, the other Global Vehicle could take actions, consistent with its obligations to maximize the return to its investors, that would be adverse to the interests of the first Global Vehicle as a holder of more junior securities. The other Global Vehicle, for instance, could cause the acceleration of the Portfolio Investment’s debt, or exercise other rights it has that could precipitate a sharp decline in the value of the equity held by the first Global Vehicle (for example, initiating a foreclosure action which could create a negative public perception of such Global Vehicle’s Portfolio Investment and otherwise diminish the value thereof). Likewise, as an equityholder of the company, the other Global Vehicle could take actions consistent with its obligations to maximize the return to its investors, that would be adverse to the interests of the Global Vehicle as a creditor of the company, including, without limitation, (1) causing a Portfolio Investment to resist foreclosure actions by entering into bankruptcy, which would have the effect of staying a foreclosure action and delaying a foreclosure process and could potentially result in a reduction or discharge of such Portfolio Investment’s debt, (2) asserting numerous claims, counterclaims and defenses, including, without limitation, lender liability claims and defenses in an effort to prolong a foreclosure action or to force the Global Vehicle’s Portfolio Investment to be restructured, modified or discounted or (3) making other decisions that result in the company being unable to meet debt service or which could cause the Global Vehicle’s Portfolio Investment to lose value or otherwise be restructured or modified. In fact, as certain Global Vehicles that invest in loans and debt securities are advised by TPG Management Companies on the other side of an information barrier from us, it is expected that those Global Vehicles will not take other Global Vehicles’ interests into account in such transactions.

Conflicts may arise in determining the terms of investments, especially when we control the structure of a transaction and its capitalization. For example, if a Global Vehicle is investing in debt securities, it would have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than another Global Vehicle, as an equity owner, would desire. In addition, a Global Vehicle may participate in leveraging and recapitalization transactions involving Portfolio Investments in which other Global Vehicles have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the investment or purchasing securities with terms that are more or less favorable than the prevailing market terms. Investments by more than one of our clients in a Portfolio Investment also raise the risk of using assets of one of our clients

to support positions taken by other clients of ours. For example, it raises the risk that we have an incentive to cause a Portfolio Investment of a Global Vehicle to select another Global Vehicle as a lender or offer financial or other terms that are favorable to such other Global Vehicle and less favorable than a Global Vehicle, as an equityholder, would otherwise desire. Similar conflicts could arise to the extent that TPG BD holds securities of a Portfolio Investment.

In addition, other Global Vehicles are permitted to participate in a separate tranche of debt financing with respect to a Portfolio Investment of a Global Vehicle, including in circumstances where a Global Vehicle originates a whole loan and syndicates a portion of a different tranche of such loan to such other Global Vehicle or Global Vehicles, or alternatively, such other Global Vehicle originates a whole loan and syndicates a portion of such loan to a Global Vehicle. Such a transaction could give rise to conflicts of interest, when, for example, another Global Vehicle makes an investment that is more senior to another Global Vehicle's Portfolio Investment and has rights that are (or could in the future be) different from or adverse to, the Global Vehicle's Portfolio Investment. It is also possible that in a bankruptcy or foreclosure proceeding, a Global Vehicle's interest will be subordinated to the interest of another Global Vehicle with a more senior interest or otherwise adversely affected by virtue of another Global Vehicle's involvement in such transaction, particularly when such other Global Vehicle represents the controlling class or is appointed as a special servicer or collateral manager and, as such, is required to make decisions for all investors, including the Global Vehicle. In the foregoing situations or other situations in which there are more senior instruments issued by other Global Vehicles, such other Global Vehicles may take actions for their benefit that further subordinate or adversely impact the value of a Global Vehicle's Portfolio Investment (particularly in situations where a Portfolio Investment is distressed or otherwise faces financial difficulties, in which case conflicts of interest may be heightened in the event of default or restructuring).

However, in situations where the Global Vehicle and another Global Vehicle hold investments in different levels of the capital structure of a Portfolio Investment, we may, to the fullest extent permitted by applicable law, take other steps to reduce the potential for adversity between the Global Vehicle and the other Global Vehicle, including by causing the Global Vehicle to take certain actions that, in the absence of such conflict, it would not take, such as (a) remaining passive in certain contexts, such as without limitation, a restructuring, foreclosure, refinancing or similar situation (including electing not to vote or voting pro rata with other security holders), (b) investing in the same or similar classes of securities as the other Global Vehicle in order to align their interests, (c) divesting Portfolio Investments, (d) maintaining a non-controlling interest in such Portfolio Investments, (e) forbearing rights, including certain non-economic rights, relating to the Global Vehicle and other Global Vehicle, such as where we may cause the Global Vehicle or other Global Vehicle to decline to exercise certain control- and/or foreclosure-related rights with respect to a Portfolio Investment (including following the vote of other third-party lenders generally or otherwise recusing itself with respect to decisions), including with respect to defaults, foreclosures, workouts, restructurings and/or exit opportunities, subject to certain limitations or (f) otherwise taking an action designed to reduce adversity. Any such step could have the effect of benefiting another Global Vehicle (or us) and therefore may not have been in the best interests of, and may have been adverse to, the Global Vehicle (or another Global Vehicle). A similar standard generally will apply if another Global Vehicle makes an investment in a company or asset in which a Global Vehicle holds an investment in a different class of such company's or Portfolio Investment's debt or equity securities or asset. Other Global Vehicles are under no obligation to take into account a

Global Vehicle's interests in advising their Portfolio Investments or otherwise managing their assets.

In addition to the foregoing, a Global Vehicle may provide financing to third parties that are purchasing real estate or real estate-related assets or businesses from one or more other Global Vehicles. The approval of the Global Vehicle's advisory committee will not be required for the Fund to provide such financing.

Notwithstanding anything to the contrary, in any of the foregoing circumstances, or in any other circumstance in which a Global Vehicle and another Global Vehicle (or Portfolio Investment thereof) hold interests in different parts of the capital structure of a portfolio investment, such funds (and such Portfolio Investment) are under no obligation to take any action or refrain from taking any action to prevent or mitigate any losses of the other.

In such circumstances described above, we will at times take steps to reduce the potential conflicts of interest between the various Global Vehicles, including causing a Global Vehicle to take certain actions that, in the absence of such conflict, it would not take (or abstain from taking certain actions it would otherwise take). Any such steps could have the effect of benefiting one Global Vehicle or us at the expense of another Global Vehicle.

The application of a Global Vehicle's Governing Documents and our policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Global Vehicle's in different classes of a Portfolio Investment's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

#### *Conflicts Related to where Global Vehicles Hold Related Investments*

Other Global Vehicles hold a number of existing real estate and real estate-related investments and will in the future make further such investments. A Global Vehicle is permitted to make investments in those same companies or assets or in related companies or assets. For example, other Global Vehicles have made (or have considered making) investments in, and are expected to continue to invest in (or consider investing in), various tranches of commercial real estate debt securities such as CMBS and commercial real estate CLO debt securities, including subordinated classes of CLOs and other similar structured finance investments secured by a pool of mortgages or loans (collectively, "SFIs"). Certain Global Vehicles are permitted to invest in the same or different tranches of those same CMBS securitizations and other SFIs, purchase loans that are part of the pool of loans relating to a CMBS securitization or other SFI in which another Global Vehicle holds an investment or engage in transactions relating to the real estate assets that secure the pooled loans or with the assets or entities that are the borrowers under those loans.

In the foregoing circumstances, we could have conflicts between our duties to a Global Vehicle and such other Global Vehicle. For example, we could have an incentive to cause a Global Vehicle to pay a higher purchase price (whether in an auction, the exercise of a fair value purchase option or otherwise) for a loan or related property that is collateral for a CMBS security or other SFI held by another Global Vehicle. If a Global Vehicle controls or acts as the operating advisor to a special



servicer with respect to a loan in a CMBS securitization in which another Global Vehicle holds CMBS or other SFI in a different tranche of the securitization, we similarly could have conflicting loyalties in directing the actions of the special servicer with respect to the loan if the interests of the Global Vehicle and the other Global Vehicle diverge. Likewise, if another Global Vehicle controls or acts as the operating advisor to a special servicer with respect to a loan in a CMBS securitization or other SFI in which a different Global Vehicle holds CMBS or another SFI in a different tranche of the securitization, the other Global Vehicle may direct the special servicer or collateral manager to take certain actions with respect to the loan that may not be in the best interests of the other Global Vehicle.

### *Conflicts Related to Asset Pooling*

Certain Global Vehicles may pool certain or all of its Portfolio Investments with one or more other Global Vehicles (any such pool, an “Asset Pool”), including for the purposes of obtaining leverage or other financing, or seeking a full or partial exit from one or more investments including through securitization. In such circumstances an Asset Pool may be managed or controlled by us or any of our affiliates (including other Global Vehicles) and securities or other interests in the Asset Pool will be owned by the Global Vehicles. The consummation of any such transaction will generally not require the approval of a Global Vehicle’s advisory committee or investors and will involve the exercise of our discretion with respect to a number of material matters, which is expected to give rise to actual or potential conflicts. For example, in connection with such transactions, we will have broad discretion to determine whether and to what extent such a transaction constitutes a disposition of the contributed assets under the terms of the Governing Documents, to determine the proportionate interest of the Global Vehicle in the Asset Pool (or particular classes or tranches of securities or other interests in the Asset Pool), which will require us to determine the relative value of assets contributed to the Asset Pool and value of securities or interests (or particular classes or tranches thereof) issued by the Asset Pool, and to determine how interests in or proceeds from the Asset Pool are attributed to those investors and other investors that participated in such contributed assets, each of which may have a material impact on investors’ returns in respect of such Portfolio Investments or the Global Vehicle more generally. In making these determinations, we reserve the right, but are not required to, engage or seek the advice of a third-party independent expert. However, even if such advice was sought, valuing such assets and interests and, therefore, the value of a Global Vehicle’s interest in, or proceeds received from, any Asset Pool, will be subjective. A Global Vehicle will generally be exposed to the performance of all assets in an Asset Pool and those investments contributed to the Asset Pool by the other Global Vehicles may not perform as well as those Portfolio Investments contributed by a Global Vehicle. Accordingly, the returns of a Global Vehicle in respect of Portfolio Investments contributed by it may be lower than if they had not been contributed to the Asset Pool. The receipt, use and recontribution by such Asset Pools of any such proceeds shall not be considered distributions received by, or contributions made by, a Global Vehicle or investors for purposes of the Governing Documents (including, for example, that such proceeds would not reduce or increase, as the case may be, the remaining unfunded capital commitments of investors, will not be subject to the investment limitations applicable to a Global Vehicle’s actual or prospective Portfolio Investments, will not be subject to a Global Vehicle’s waterfall, will not be subject to any preferred return and will not be subject to any requirements under the Governing Documents with respect to the timing of distribution of proceeds) and may result in higher or lower reported returns than if such proceeds had otherwise been distributed (or deemed distributed) to a Global Vehicle or investors.

### *Conflicts Related to Related Securitizations and Other Activities*

Certain Global Vehicles may invest in securitizations or asset-backed securities, including (a) CLOs for which we or our affiliate (including another Global Vehicle) serves as collateral manager (a “TPG CLO”), (b) securitizations originated or sponsored by other Global Vehicles and (c) any other securitizations in which we or another Global Vehicle may be involved or hold interests (including any refinancings thereof and purchases on the secondary market) (collectively, “Related Securitizations”). The Global Vehicles are permitted to invest in securitizations alongside other Global Vehicles and on different terms than other Global Vehicles and other Global Vehicles may be sponsoring such securitizations and retaining an interest in the equity and/or debt tranches thereof or participating separately as purchasers in such securitizations. As such, a Global Vehicle is permitted to invest in the same or different tranches of the same securitizations as other Global Vehicle or otherwise at different levels of the capital structure and a Global Vehicle or any other Global Vehicle may own a substantial portion of any tranche in which it participates. In such circumstances, the Global Vehicle and other Global Vehicle are expected to have potentially conflicting interests and may potentially be adverse to each other. An investment by a Global Vehicle may be a minority investment and/or may be in a non-controlling tranche of interests. Another Global Vehicle may control the tranche in which the Global Vehicle invests or may hold interests in a different tranche that controls decisions for the entire securitization. In such case, decisions made for such other Global Vehicle in such other Global Vehicle's best interest may be directly adverse to the Global Vehicle's best interest (including decisions that result in forced redemptions or refinancings, amendments to securitization terms, rights to direct remedies and other actions or determinations). Accordingly, we reserve the right to take action, give direction or vote on behalf of a Global Vehicle in a manner that is consistent, different or opposite from the action, direction or vote it may take in connection with the investments in the same or different tranches of the same securitization by other Global Vehicles.

If, during any period in which any assets of a Global Vehicle are held in a TPG CLO, the Global Vehicle pays or bears any fee payable to us in respect of any such TPG CLO (a “TPG CLO Fee”), then, during such period either (i) such fee will reduce the management fees payable by investors (but not below zero) or (ii) the basis against which such management fees are charged will be deemed to exclude the portion attributable to such TPG CLO, as determined by us in our sole discretion. We will determine in our reasonable discretion whether any tranche(s) of any TPG CLO are held as part of the assets of a Global Vehicle, and therefore whether the Global Vehicle (through such Portfolio Investment) bears any such TPG CLO Fee.

In addition, while Portfolio Investments made by a Global Vehicle in TPG CLOs will provide for a reduction in management fees otherwise payable by investors, to the extent investors pay or bear fees payable to us in respect of a special servicer, collateral manager or sponsor role for any TPG CLO, there will not be any offset for any fees or other compensation payable to us or any other Global Vehicle associated with securitizations originated or sponsored by other Global Vehicles, including any fees or other benefits other Global Vehicles may directly or indirectly receive from any affiliates acting as a servicer in such securitizations. Accordingly, we may receive greater total fees, carried interest and other compensation as a result of a Global Vehicle investing in such Related Securitizations than we would receive if a Global Vehicle invested in other investment products not affiliated with us or any other (including, where we do not receive fees or compensation from any such an Related Securitization itself, by receiving greater fees, carry or

other compensation from another Global Vehicle that has originated or is otherwise involved with such securitization).

The Global Vehicles will generally be excluded from voting to remove and replace TPG entities as collateral manager, servicer or other parties in certain Related Securitizations.

#### *Conflicts Related to Other Investments by Global Vehicles*

Given the breadth of our portfolio across platforms, we expect a Global Vehicle from time to time to invest in a competitor or customer of, or service provider or supplier to, a Portfolio Investment of another Global Vehicle. In addition, Global Personnel may serve as directors, or otherwise be associated with, companies that are competitors of Portfolio Investments of certain Global Vehicles. These circumstances would give rise to a variety of conflicts of interest. For example, a Global Vehicle or its Portfolio Investments may take actions for commercial reasons that have adverse consequences for another Global Vehicle or its Portfolio Investment, such as seeking to increase its market share at the latter Global Vehicle Portfolio Investment's expense (as a competitor), withdrawing business from one of the latter Global Vehicle Portfolio Investment in favor of a competitor that offers the same product or service at a more competitive price (as a customer), increasing prices in lock-step with other enterprises in the industry (as a supplier) or commencing litigation against one of the latter Global Vehicle Portfolio Investment (in any capacity) all of which could increase such Portfolio Investment's expenses or negatively impact such Portfolio Investment's revenues and income from operations thereby making it more difficult for such Portfolio Investment to meet its debt service obligations. Another Global Vehicle may also obtain information while dealing with its Portfolio Investment that it is prohibited from acting on or disclosing to another Global Vehicle or its Portfolio Investment as a result of confidentiality requirements or applicable law, even though such action or disclosure would be in the Global Vehicle's interests (e.g., when another Global Vehicle or holds an interest in a Portfolio Investment that goes into bankruptcy or reorganization, becomes insolvent or otherwise experiences financial distress or is unable to meet its payment obligations or comply with covenants relating to securities held by a Global Vehicle). In addition, to the extent not restricted by confidentiality requirements, we generally will apply the experience obtained by managing a Global Vehicles to benefit other Global Vehicles. Global Vehicles are under no obligation to take into account the other Global Vehicles' interests in advising their Portfolio Investments or otherwise managing their assets.

#### *Conflicts Related to Providing Debt Financings in Connection with Acquisitions by Third Parties of Assets Owned by Other Global Vehicles (and vice versa)*

Certain Global Vehicles may provide financing as part of a third-party purchaser's bid or acquisition of (or investment in) a Portfolio Investment of another Global Vehicle (or in connection with acquisitions by one or more other Global Vehicles or their affiliates of assets or interests (and/or portfolios) owned by a third-party). A Global Vehicle may provide financing (1) as part of the bid or acquisition by a third party to acquire interests in (or otherwise make an investment in the underlying assets of) a Portfolio Investment owned by one or more other Global Vehicles or their affiliates and/or (2) with respect to one or more Portfolio Investments in connection with a proposed acquisition or investment by one or more other Global Vehicles or their affiliates relating to such Portfolio Investments. This may include making commitments to provide financing at, prior to or around the time that any such purchaser commits to or makes such

investments. A Global Vehicle may also make investments and provide debt financing with respect to Portfolio Investments in which other Global Vehicles and/or their affiliates hold or propose to acquire an interest. While the terms and conditions of any such arrangements will generally be based on market terms, the involvement of a Global Vehicle and/or such other Global Vehicles or affiliates may affect the terms of such transactions or arrangements (including credit decisions) which may affect our decisions with respect to the management of a Global Vehicle and/or our management of other Global Vehicles and/or the relevant Portfolio Investments or otherwise give rise to conflicts of interest which may adversely impact a Global Vehicle. For example, such transactions may involve the partial or complete payoff of such loans (with related proceeds being received by the applicable other Global Vehicles) and/or otherwise result in restructurings of terms and pricing relating to such existing loans with the borrowers thereof in respect of which such other Global Vehicles may receive refinancing proceeds and/or a retained interest in such loans in accordance with such restructuring arrangements.

#### *Conflicts Related to Loan Refinancings*

We may from time to time seek to participate in investments relating to the refinancing of loans held by other Global Vehicles. While it is expected that our participation in connection with such refinancing transactions will be at arms' length and on market terms, such transactions may give rise to potential or actual conflicts of interest.

#### *Conflicts Arising from Other Investment Activities of the Global Vehicles – Possession of Material Non-Public Information*

The Global Vehicles and investment platforms regularly obtain material non-public information (“MNPI”) regarding target companies and other investment opportunities, including as a result of certain of our personnel serving on the boards of directors or in other similar capacities of our portfolio companies through other officer or director positions of our personnel, and as a result of Portfolio Investment reporting the Fund receives in its capacity as an investor in a Portfolio Investment, directly or indirectly, in connection with its investments in any such Portfolio Investment. Since we do not currently maintain permanent information barriers among many of our businesses, we generally impute non-public information received by one investment team to all other investment professionals, including all of the personnel who make Global Vehicle investments. In the absence of an information barrier between businesses, if a Global Vehicle receives non-public information with respect to a company, other Global Vehicles would face, as a result of securities law prohibitions on trading on the basis of material non-public information, restrictions on their ability to pursue a transaction with that company or dispose of an investment. Moreover, the confidentiality agreements other Global Vehicles enter into often include provisions, such as “standstills,” that would prevent the Global Vehicles from making an investment, potentially for extended periods.

As a consequence of our inability to use MNPI for investment purposes under applicable securities laws and/or our internal policies and procedures, such positions and/or Portfolio Investments, as applicable, could impair the ability of a Global Vehicle to sell the securities of an issuer in the event a director, by virtue of his or her role, or a Global Vehicle, by virtue of its capacity as an investor in a Portfolio Investment, receives MNPI, which would have an adverse effect on Global Vehicle. For example, a Global Vehicle may be restricted from buying or selling an investment

which, if MNPI had not been known, otherwise may have been undertaken. We anticipate that, to minimize the impact of such restrictions, we may elect to not receive MNPI in certain situations in which such an election is available. However, due to these restrictions, there can be no assurance that a Global Vehicle will be able to liquidate or exit an opportunity in the same manner or on the same timing as would be the case if such restrictions did not apply. As a result of the foregoing, a Global Vehicle may be adversely affected because of our inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent Global Vehicles from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by us or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that a Global Vehicle will be able to participate in all potential investment opportunities that fall within its investment objectives.

In addition, some Global Vehicles regularly trade securities and debt instruments in the secondary market. In the absence of information barriers, a Global Vehicle's receipt of non-public information on a particular company its Portfolio Investments would, as a result of securities laws or applicable industry conventions (such as with respect to secondary loan trading), generally restrict the trading activities of these other Global Vehicles with respect to that company. Moreover, the operation of certain Governing Document provisions could impair another Global Vehicle's ability to trade the securities or debt instruments of a company if another Global Vehicle invests in that company. In certain circumstances, we will have an incentive to avoid taking actions that would impede the operation of another Global Vehicle. For example, a Global Vehicle may decline to receive non-public information on a company or otherwise pursue an investment opportunity if doing so would prevent other Global Vehicles from trading securities or debt instruments currently in their portfolio or of interest to them.

In limited circumstances, we erect temporary information barriers to restrict the transfer of non-public information between Global Vehicles to avoid the restrictions described in the preceding paragraphs. We may also do so for commercial reasons – for instance, if a Portfolio Investment requires that a Global Vehicle keep information about the Portfolio Investment and/or its affiliates confidential and not disclose it to other TPG platforms. In these instances, however, a Global Vehicle's ability to benefit from our expertise outside any such barrier will be limited. In addition, in the event that a temporary information barrier designed to protect a Global Vehicle is breached, even if inadvertently, the Global Vehicle will likely face the same restrictions on its investment activities as it would have faced had the temporary information barrier not been established in the first place.

#### *Conflicts Arising from Other Investment Activities of the Global Vehicles – Walled-Off Businesses*

While we generally allow for information to flow freely among many of our investment platforms, we place certain businesses behind information barriers. Currently, for example, Angelo, Gordon & Co., L.P. and AGTB Fund Manager, LLC and their affiliated entities are on the other side of an information barrier from us. Given that we have “walled off” these businesses from TPG's private equity business, they generally do not have access to information about the Global Vehicles and their investments and have different day-to-day management from the Global Vehicles. Accordingly, these “walled-off” businesses may not be subject to certain restrictions otherwise

applicable to our affiliates under certain Global Vehicles' Governing Documents. For example, these businesses and their dedicated personnel generally are authorized to:

- make investments without regard to the Global Vehicles' investment allocation provisions or the allocation principles described above;
- invest in Portfolio Investments of the Global Vehicles;
- receive payments from Global Vehicles' Portfolio Investments without applying those amounts to offset the management fee payable by investors; and
- enter into transactions with Global Vehicles' Portfolio Investments.

However, other restrictions relevant to our affiliates will apply to "walled-off" businesses. For example, "walled-off" businesses are typically subject to a Global Vehicle's successor fund limitation, and we would generally need a Global Vehicle's advisory committee approval for a Global Vehicle to acquire an investment from or dispose an investment to a "walled-off" business in a transaction that is directly negotiated between a Global Vehicle and any such "walled-off" business. While information barriers are designed to restrict the flow of information between certain businesses, there can be no assurances that such barriers would not be breached, inadvertently or otherwise, including with respect to information regarding investment opportunities, deal pipelines and strategy, which could result in greater restrictions in a Global Vehicle's investment activities, and implicate certain of the risks and conflicts described in *Conflicts Arising from Other Investment Activities of the Global Vehicles – Possession of Material Non-Public Information*. Further, we evaluate the scope and necessity of such information barriers from time to time, and such information barriers may be adjusted or fully removed at any time in our determination.

In addition, there can be no assurance that any such information barrier policies and/or procedures will be effective in accomplishing their stated purpose and/or that they will not otherwise adversely affect the ability of the Global Vehicles to effectively achieve their investment objective by unduly limiting the investment flexibility of the Global Vehicles and/or the flow of otherwise appropriate information between us and other business units at TPG. For example, in some instances, TPG personnel may be unable to assist with the activities of a Global Vehicle as a result of these walls. There can be no assurance that additional restrictions will not be imposed that would further limit our ability to share information internally. As a consequence of an information barrier, information that could be of benefit to a Global Vehicle, might become restricted to those other respective businesses and otherwise be unavailable to such Global Vehicle.

#### *Conflicts Arising from Other Investment Activities of the Global Vehicles – Certain Bankruptcy Implications*

Global Vehicles will in many cases own a significant or controlling percentage of the common equity of Portfolio Investments, which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such Portfolio Investments and the participating Funds and other relevant factual circumstances, could result in an extension to one year of the ninety-day bankruptcy preference period with respect to payments made to a Global Vehicle and/or subordination of its claims to other creditors and/or recharacterization of debt claims into equity

claims. In addition, due to equity ownership, representation on the boards of directors and/or contractual rights, as applicable, the Global Vehicles will typically be deemed to control, participate in the management of or influence the conduct of Portfolio Investments. The effect of these relationships will vary from jurisdiction to jurisdiction. These factors could expose the assets of a Global Vehicle to claims by a Portfolio Investment, its security holders, its creditors or governmental agencies.

If a Global Vehicle purchases in the secondary market at a discount debt securities of a company in which a Global Vehicle has, for example, a substantial equity interest, (i) a court might require a Global Vehicle to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (ii) a Global Vehicle might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

We may serve on committees in proceedings under Chapter 11 of the U.S. Bankruptcy Code or prior to such filings, and this involvement, for which we may be compensated, may limit or preclude the flexibility that the Global Vehicles would otherwise have to make investments.

#### *Conflicts Relating to the Use of Leverage*

Certain Global Vehicles utilize various forms of leverage in connection with their investments and operations. The use of borrowed funds creates the opportunity for greater total returns and allows us to better manage a Global Vehicle's cash flows, but at the same time involves risks and potential conflicts of interest. We describe certain of the significant risks and conflicts below.

#### Fund-Level Borrowing

##### *Governing Document Parameters for Fund-Level Borrowing*

We expect to cause certain Global Vehicles, directly or indirectly, to borrow funds or enter into other financing arrangements to

- pay expenses (including management fees),
- make or facilitate new or follow-on investments,
- make payments under guarantee, surety or hedging transactions,
- fund the payment of any withholding or other tax or governmental charge on behalf of or with respect to any investor,
- cover any shortfall in capital contributions resulting from default, excuse or exclusion, and
- make or facilitate timely distributions of proceeds from investments that have been subject to a disposition.

We refer to these borrowings generally as “fund-level borrowing.” Governing Documents generally permit Global Vehicles to borrow for these purposes subject to certain exceptions and restrictions. Typically, a Fund (or one or more Fund special purpose vehicles) enters into one or more credit facilities (commonly referred to as “subscription lines” or a “subscription facility”) as credit parties. For tax, legal, regulatory, administrative or similar reasons, we expect in certain cases to use special financing subsidiaries of Global Vehicles to engage directly in borrowing in lieu of, and with full credit support from, such Global Vehicles. In the following discussion, we refer to these facilities collectively as the “credit facility.” The general partner of the Fund determines the credit facility’s administrative agent, lenders and terms (and any amendment, extension, refinancing, replacement or termination of the credit facility) without seeking the consent of the Fund’s investors or the advisory committee. Credit facilities typically allow revolving borrowings up to a specified principal amount that will be determined based in part on the Fund’s capital commitments and the lenders’ assessment of the creditworthiness of each Fund investor. The lenders are likely to provide a Fund varying levels of credit, or no credit at all, for different investors, but all Fund investors would generally still participate in the benefits and risks associated with a credit facility’s use as described below. Generally, credit facilities provide for a specified maturity date, but a lender may have the ability to demand early repayment in the event of a default. The Fund typically pays interest on amounts borrowed under the credit facility and also pays a fee on the undrawn portion of the credit facility. Funds customarily pay a one-time fee for establishing the credit facility as well as certain other one-time and recurring fees and/or expenses.

Amounts borrowed under the credit facility will likely be secured by pledges of our right to call capital from, and the right of the Fund to receive amounts funded by, investors. The credit facility could also be secured by other collateral, including the Fund’s investments, and any investor claim against the Fund would likely be subordinate to the Fund’s obligations to the credit facility’s creditors. While Funds tend to be the only Global Vehicles to engage in fund-level borrowing, the following discussion assumes that Co-Investment Vehicles also borrow from time to time.

Utilizing the credit facility to borrow funds in advance or in lieu of calling capital affords us flexibility to manage cash flows to and from a Global Vehicle’s investors and ease the investors’ burden of responding to multiple capital calls. It also allows a Global Vehicle to act more quickly on investment opportunities, since the period of time to draw capital under a credit facility is typically shorter than the period required for calling capital from investors. However, as discussed below, utilizing borrowed funds involves risks and conflicts of interest.

#### *Certain Risks and Costs of Fund-Level Borrowing*

Fund-level borrowing subjects investors to risks and costs. For example, because amounts borrowed under a credit facility will likely be secured by pledges of our right to call capital from a Global Vehicle’s investors and, in limited circumstances, can also be secured by other Global Vehicle assets, a lender can foreclose on the pledged collateral, including the investors’ capital commitments and, only if applicable, the Global Vehicle’s investments, if the Fund fails to repay the amounts borrowed under a credit facility or experiences another event of default. Moreover, any investor claim against the Global Vehicle would likely be subordinate to the Global Vehicle’s obligations to the credit facility’s creditors.



In addition, fund-level borrowing will result in incremental partnership expenses that will be borne by the Global Vehicle's investors. As described below, these expenses include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of the credit facility, an upfront fee for establishing a credit facility and other one-time and recurring fees and/or expenses as well as legal fees relating to the establishment, structuring and negotiation of the terms of the credit facility, as well as expenses relating to the maintenance, renegotiating, or terminating the credit facility. Because the credit facility's interest rate is based in part on the creditworthiness of all the Global Vehicle's underlying investors and the terms of the applicable Governing Documents, it may be higher than the interest rate a single investor could obtain individually. To the extent a particular investor's cost of capital is lower than the Global Vehicle's cost of borrowing, fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases the Fund's reported net returns, as described below.

A credit agreement or borrowing facility may contain other terms that restrict the activities of the Global Vehicle and the investors or impose additional obligations on them. For example, the credit facilities may impose restrictions on the ability of the Global Vehicle's general partner to consent to the transfer of an investor's interest in the Global Vehicle or impose concentration or other limits on the Global Vehicle's investments, and/or financial or other covenants, that could affect the implementation of the Global Vehicle's investment strategy. In addition, in order to secure the credit facility, we are permitted to request certain financial information and other documentation from investors to share with lenders. We will have significant discretion in negotiating the terms of any credit facility and reserve the right to agree to terms that are not the most favorable to one or all investors.

The use of fund-level borrowings will differ based on available credit facility capacity and contractual terms applicable to each Global Vehicle and each such credit facility. Therefore, as the credit facilities utilized by the Global Vehicle Vehicles may have different terms, while the Global Vehicles may be invested in the same investment, and while the valuation of such investment would be consistently determined pursuant to the relevant Governing Documents, the investment return can, in certain circumstances, differ among the Global Vehicles as a result.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a credit facility allows us to fund investments and pay Global Vehicle expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under the credit facility could cause liquidity concerns for investors that would not arise had we called smaller amounts of capital incrementally over time as needed by the Global Vehicle. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. We may also utilize fund-level borrowing when we expect to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital at a Portfolio Investment. If we are ultimately unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses in a declining market. We may use Fund-level borrowing to pay management fees and to reimburse the general partner for expenses incurred on behalf of a Global Vehicle. We may also utilize Fund-level borrowing when we expect to repay the amount outstanding through means other than investor

capital, including as a bridge for equity or debt capital at a Portfolio Investment. If we are ultimately unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses in a declining market. In addition, co-investors generally will benefit from a Global Vehicle's use of a credit facility without bearing any of the related costs.

#### *Our Incentives to Engage in Fund-Level Borrowing*

We have incentives to engage in fund-level borrowing notwithstanding the expense and risks that accompany it. For example, we intend to present certain performance metrics, such as certain net internal rates of return and net multiples-of-money, in the Global Vehicle's periodic reports and marketing materials for other Global Vehicles. These performance metrics measure investors' actual cash outlays to, and returns from, the Global Vehicle and thus depend on the amount and timing of investor capital contributions to the Global Vehicle and Global Vehicle distributions to investors. To the extent the Global Vehicle uses borrowed funds in advance or in lieu of calling capital, investors make correspondingly later or smaller capital contributions. Also, borrowing to make distributions of proceeds from an investment enables investors to receive distributions earlier. As a result, the use of borrowed funds generally results in the presentation of higher performance metrics than simply calling capital, even after accounting for the attendant interest expense.

Fund-level borrowing can also affect the return investors in a Global Vehicle must receive before the Global Vehicle's general partner accrues carried interest (the "preferred return"), as well as the carried interest the general partner receives, as preferred return and carried interest generally depend on the amount and timing of capital contributions and distributions of proceeds. In particular, the preferred return typically begins to accrue after capital contributions are due (regardless of when a Global Vehicle borrows, makes the relevant investment or pays expenses) and ceases to accrue upon return of these capital contributions. Using borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. Since a Global Vehicle generally does not pay preferred return on funds borrowed in advance or in lieu of calling capital, fund-level borrowing will therefore reduce the amount of preferred return to which a Global Vehicle's investors would otherwise be entitled had we called capital, and thus could allow the Global Vehicle's general partner to receive carried interest sooner than it would without borrowing.

Similarly, certain Global Vehicles' carried interest rate is based in part on a net internal rate of return calculation. The net internal rate of return of the Global Vehicles for these purposes also depends on the timing of actual investor capital contributions and not of the Global Vehicle's deployment of capital. As a result, if we borrow money in lieu of issuing capital calls, the applicable carried interest rate may be higher than it would be had we not used borrowings. We therefore have an incentive to cause the Global Vehicle to borrow money for investments and expenses in larger amounts or over longer periods of time.

#### *Impact on Management Fee Calculation*

The management fee payable by investors in certain Global Vehicles depends on the amount of the investors' "actively invested capital" or "actively invested capital contribution." An investor's

“actively invested capital” or “actively invested capital contribution” generally include amounts we borrow to fund all or part of an investment in lieu of calling capital. Therefore an investor would generally pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above.

### Other Forms of Financing

In addition to fund-level borrowing, we are generally able to utilize leverage at the level of a Portfolio Investment, including the incurrence of debt under a NAV facility, or at the level of one or more borrowing subsidiaries or special purpose vehicles formed to invest in or hold one or more Portfolio Investments. These other forms of financing are not restricted by the Governing Documents.

#### *Portfolio Investment Leverage*

Global Vehicles invest from time to time in Portfolio Investments whose capital structures have significant leverage. This will increase such Portfolio Investments’ exposure to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Portfolio Investments or their industries. The incurrence of significant indebtedness could also subject Portfolio Investments to restrictive covenants, terms and conditions, the violation of which would be viewed by creditors as an event of default and which could require the prepayment of debt using excess cash flow. Any such restrictive covenants, terms and conditions could also limit such Portfolio Investments’ ability to respond to changing industry conditions, make necessary capital expenditures, obtain additional financing, take advantage of growth opportunities or engage in strategic acquisitions.

#### *NAV Facilities*

The Global Vehicles and/or one or more borrowing subsidiaries may enter into NAV Facilities. In connection with such transactions, we may pledge all or certain of a Global Vehicle’s or a borrowing subsidiary’s investments, including, for the avoidance of doubt, portfolio companies and Portfolio Investments, including on a cross-collateralized basis, without taking into account the potential for non-pro rata investments by investors as a result of any particular investor’s opt-out rights. An investor may also be required to fund amounts to repay borrowings under a NAV Facility incurred in connection with an investment or managing a Global Vehicle’s investment portfolio even if such investor did not participate in the relevant investment(s) in connection with which such borrowings were incurred. NAV Facility lenders may foreclose on a Global Vehicle’s assets if the Global Vehicle fails to repay the amounts borrowed under a NAV Facility or experiences another event of default.

#### *Special Purpose Vehicle Leverage*

A borrowing subsidiary or any other special purpose vehicle a Global Vehicle forms to hold one or more investments may also engage in borrowing. For example, special purpose vehicles could enter into asset-backed loan arrangements, including a “margin loan” whereby they borrow money from a bank and pledge the interests in one or more underlying Portfolio Investments (or other assets) as collateral for the loan. The special purpose vehicles could then use the loan proceeds

for a variety of purposes, including to make investments (including follow-ons in the Portfolio Investments (or other assets) subject to the loan arrangement or new and unrelated investments), to pay expenses or to distribute the proceeds to the Global Vehicle for further distribution to investors). Under these arrangements, the special purpose vehicle would typically be subject to a margin call if the value of the underlying assets decreases significantly. In order to meet the margin call, the special purpose vehicle would need additional assets to avoid foreclosure, in which case the Global Vehicle could decide to contribute additional capital to the special purpose vehicle to avoid adverse consequences to the investment(s), including foreclosure on the collateral at a lower valuation. This type of leverage may be incurred by a single special purpose vehicle or by multiple vehicles, and may be collateralized by a single investment or multiple investments. Similarly, special purpose vehicles that hold one or more investments (including all of a Global Vehicle's investments) may issue preferred equity or other equity or debt-like instruments to third-parties that have many characteristics of leverage, and use the proceeds thereof for similar purposes. Due to the highly collateralized nature of these arrangements, the negative performance of one asset may materially and adversely impact the performance of other investments or a Global Vehicle as a whole. Investors with no or different interests in certain investments (e.g., due to exercise of excuse rights, for example) would nevertheless be exposed to risks associated with a Global Vehicle's investment in such investments.

#### *Certain Risks and Costs of Leverage Below a Fund*

Even though it presents many of the same risks as Fund-level borrowing, indebtedness of entities other than a Fund will not be treated as Fund-level borrowing for purposes of the Governing Documents, even if the special purpose vehicles or other entities incurring such leverage engage in borrowings that are cross-collateralized with or among multiple investments such that multiple investments and a substantial portion of a Fund's value are at risk. As a result, these borrowings will not be subject to any tenor or other limitations on Fund-level borrowing in the Governing Documents and the Funds may use the proceeds of such loans to make a distribution, even in the absence of a disposition of assets. Since we have more flexibility to engage in these structures, we are incentivized to incur significant leverage at the level of holding vehicles beneath a Fund. The negative performance of one asset may materially and adversely impact the performance of other investments or a Fund as a whole. Investors with no or different interests in certain investments (e.g., due to exercise of excuse rights, for example) would nevertheless be exposed to risks associated with a Fund's investment in such investments.

#### Fund Guarantees

In addition to Fund-level borrowing, the Global Vehicles expect to act as guarantors or sureties when we consider it necessary, appropriate or incidental to the accomplishment of the purposes of the applicable Global Vehicles. The principal amount of Fund guarantees of third-party indebtedness for borrowed money (including indebtedness of any Portfolio Investment or any other subsidiary formed to hold any Portfolio Investment) outstanding at any given time are permitted under the Governing Documents of certain Funds, and are typically subject to a cap. A Fund guarantee is sometimes beneficial for increasing the availability, type or amount of financing for the borrower or allowing the borrower to negotiate more favorable terms from the lenders. Some examples of how we expect to use Fund guarantees, or other forms of Fund surety, with respect to the indebtedness of other entities include but are not limited to:

- *Portfolio Investment indebtedness:* As described above, Portfolio Investments will incur indebtedness. A Fund could provide a guarantee of a Portfolio Investment's indebtedness.
- *Qualified borrower structures:* A Portfolio Investment (or special purpose vehicle of a Fund) could join a Fund's credit facility, and borrow amounts directly under it, as a "qualified borrower," with the Fund providing a guarantee of the borrowing. The Portfolio Investment or special purpose vehicle is an obligor under the loan, receives the loan proceeds and has responsibility for its repayment. However, in the event of default, the lender would have recourse to the Fund under the guarantee without a requirement to first attempt to collect from the Portfolio Investment or special purpose vehicle.
- *Asset-based loans:* Special purpose vehicles we form to hold one or more investments could incur indebtedness, which may include pledging its investments as collateral for the loan. A Fund could provide a guarantee of this indebtedness.

Often these arrangements are put in place concurrently with the closing of the applicable Fund investment and can help finance a Fund's payment of the purchase price of its investments. Other times, these arrangements can be put in place after the investment(s) have been made, often after they have appreciated in value.

While these arrangements present many of the same risks and conflicts associated with Fund-level borrowings, these guarantees and the underlying indebtedness do not constitute Fund-level borrowing for purposes of the Funds' Governing Documents and are not subject to the restrictions on Fund-level borrowing described above. If we utilize a Fund guarantee where we expect to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital at a Portfolio Investment or investment holding vehicle, and we are ultimately unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses in a declining market.

The Governing Documents typically cap a Fund's ability to guarantee third-party indebtedness. We expect to be able to manage the Funds such that there is sufficient liquidity to meet these obligations if they arise. There is a risk, however, that a Fund will not have sufficient assets to satisfy its obligations if the Fund guarantees indebtedness in excess of its unused capital commitments.

For the avoidance of doubt, guarantees provided by entities other than the Funds (including guarantees provided by special purpose vehicles or subsidiaries that hold one or multiple underlying investments) are not Fund guarantees and are not subject to the restrictions described above.

The Global Vehicles expect to enter into guarantees or other forms of surety with respect to the indebtedness of third parties, including Portfolio Investments. In these circumstances, the creditor typically would have recourse to the Global Vehicle to satisfy the obligations of the third party. These arrangements pose many of the same risks and conflicts associated with fund-level borrowings. Although Governing Documents typically cap a Global Vehicle's ability to enter into

such guarantee or surety arrangements, the caps are generally incremental to the fund-level borrowing limits.

#### Other Fund Contractual Obligations

In connection with its investing activities, a Global Vehicle expects to enter into contractual arrangements, including deferred or contingent purchase price payments, staged funding obligations, earn outs, milestone payments, equity commitment letters and various other forms of credit support and other contractual undertakings such as indemnification obligations guarantees of any NAV facility, guarantees of completion, so-called “bad-boy” guarantees, and non-recourse guarantees of any borrowing subsidiary, in each case that obligate it to fund amounts to special purpose vehicles, portfolio companies or other third parties or any similar arrangements. These arrangements do not constitute Fund-level borrowings or Fund guarantees under the applicable Governing Documents and are not subject to the related caps and other restrictions, even though these arrangements pose many of the same risks and conflicts associated with the use of leverage that the caps and other restrictions intend to address.

#### Interpreting the Fund-Level Borrowing and Guarantee Provisions

Leverage arrangements are complex, often involving detailed, multi-party agreements. Moreover, leverage structures available to the Funds, their Portfolio Investments and related entities will evolve over time, driven by market developments, economic conditions, a Fund’s portfolio of investments, a Fund’s life cycle and other factors. During the life of a Fund, we will need to make a determination whether under the Governing Documents each particular leverage structure constitutes Fund-level borrowing, a Fund guarantee, some combination of both, or neither. We will make this determination in our discretion. For example, “hybrid” financing arrangements may involve subscription-based and asset-based facilities, with or without Fund credit support. We will determine the treatment of each arrangement under the Governing Documents in good faith based on its specific terms and structure, in consultation with external legal counsel where appropriate. While we seek to apply a generally consistent framework and approach, the facts and circumstances applicable to each situation are unique and will be determinative.

#### Cross-Default

Global Vehicles can borrow (or cause its subsidiaries to borrow) on a joint, several, or joint and several, basis with related vehicles, including any parallel investment entities, any lockstep vehicles, any side-by-side separate accounts, alternative investment vehicles, special purpose vehicles and vehicles formed to facilitate co-investment including by Global Personnel. Global Vehicles and these vehicles can engage in fund- or asset-level financing whereby (i) the Global Vehicle and/or such vehicles are jointly responsible on a cross-collateralized basis for the repayment of the financing and/or (ii) the commitments of investors in the Global Vehicle and/or such vehicles are pledged to secure the financing obtained for the benefit of such other vehicles. When we call capital to satisfy the indebtedness, it is possible a Global Vehicle investor will contribute in excess of its pro rata share of the indebtedness if other Global Vehicle investors or the investors in the related vehicles fail to honor their commitments. While we intend for the Global Vehicles, where appropriate, to enter into back-to-back agreements with related vehicles in respect of certain types of credit support, we will otherwise cause such related vehicles to act in

a manner as if such a back-to-back agreement were in place, a Global Vehicle would still be subject to the risk of default by such other vehicles.

We intend to enforce these arrangements for the benefit of the investors of Global Vehicles, but we may not always be able to do so (including if a related vehicle defaults on its obligations to a Global Vehicle). In addition, to the extent multiple assets or investments are pledged to support a single borrowing, whether or not that borrowing constitutes Fund-level borrowing, multiple assets of a Global Vehicle will be at risk. As a result, negative performance of a single asset may materially and adversely impact the performance of other Global Vehicle investments or the Global Vehicle as a whole. Investors may have interests in certain investments that are disproportionate to their interests in other investments (for example, without limitation, due to excuse, exclusion or opt-outs). As a result, an investor may be indirectly exposed to leverage risks associated with investments in which they do not participate, or in which they participate to a lesser extent, and the distributions they receive may be reduced, and their investment in the Global Vehicle may be materially and adversely impacted, by the negative performance of one or more investments in which they do not otherwise have an interest.

The Global Vehicles expect to utilize their respective credit facilities and enter into other similar arrangements and extensions of credit for the benefit of co-investors (including affiliated co-investors) that invest alongside a Global Vehicle in one or more investments. For example, a Global Vehicle could draw from a credit facility to fund such co-investor's pro rata share of an investment or expense related to an investment. We have an incentive to cause such co-investors or Co-Investment Vehicles to engage in these or similar cross-collateralized arrangements, because the commercial terms available to such vehicles would typically be better than those available on a standalone basis.

Similarly, to the extent a Global Vehicle invests in the same or related assets as another Global Vehicle, we reserve the right to structure the investment financing so that the Global Vehicle is jointly and severally liable for the financing with the other Global Vehicle. We expect this to arise, for example, if a Global Vehicle and another Global Vehicle were to invest in the same Portfolio Investment and provide a joint and several guarantee for its indebtedness. Joint and several liability could result in a Global Vehicle repaying all, or more than its proportionate share, of the indebtedness, exacerbating some of the risks and conflicts described above.

In addition, certain Global Vehicles are permitted to utilize indebtedness to pay for deposits or other investment expenses and costs in advance of the final determination of the investment allocations among the Global Vehicle and other Global Vehicles. In such a circumstance, although the other Global Vehicles would be expected to repay the Global Vehicle for their portion of these amounts (including related interest expense) in the event they ultimately participate in the investment, the Global Vehicle would be subject to risk of default by the other Global Vehicles. Similarly, certain Global Vehicles are permitted to utilize indebtedness for purposes of warehousing co-investment opportunities. As described above under "*Co-Investment Warehousing*" and "*Allocation of Co-Investment Opportunities*," this presents additional risks and conflicts of interest.

## Tax Effects

The Global Vehicles expect to borrow funds, directly or indirectly, including to make investments in Portfolio Investments. To the extent a Global Vehicle borrows or is deemed to borrow for U.S. federal income tax purposes, it may hold debt financed property that may produce “unrelated business taxable income” as defined in Section 512 of the Code (“UBTI”) for a tax exempt investor. In addition, to the extent a Global Vehicle guarantees the borrowing of a Portfolio Investment, the provision of such guarantee and the receipt (or deemed receipt) of guarantee fees may create additional risk of UBTI for tax-exempt investors. A Global Vehicle’s guarantee of Portfolio Investment borrowing may also, in certain cases, create the risk of adverse tax consequences for non-U.S. investors. For example, the U.S. Internal Revenue Service (the “IRS”) could assert that any compensation received by a Global Vehicle for such guarantees should be treated as income that is effectively connected with the conduct of a trade or business within the United States for U.S. federal income tax purposes (“ECI”) or “commercial activity income” (“CAI”) as defined for U.S. federal income tax purposes or be subject to withholding taxes. The general partners may evaluate the facts and circumstances of any such guarantees in order to mitigate the risks associated with such structures.

## *Conflicts Relating to Interests in Non-Affiliated Entities*

The Governing Documents’ provisions that relate specifically to our affiliates do not apply to companies, funds or other entities that are not, or are no longer, our affiliates for purposes of the Governing Documents, even if the Global Vehicles, us and/or our personnel have significant economic interests and/or non-controlling governance rights in such entities or have agreed to a transaction that would cause us and such entities to become affiliated in the future. For example, TPG and certain other TPG platforms and funds have and expect to continue to make investments in unaffiliated fund managers or other investment vehicles managed by a third party (including private equity funds, hedge funds, real estate funds and other similar investment vehicles), which may include potential competitors of TPG or the Global Vehicles and which entities may from time to time engage in similar investment transactions as the Global Vehicles, including with respect to the purchase and sale of investments. These unaffiliated fund managers or investment vehicles may invest in similar industries and sectors, or in the same Portfolio Investments (including in different levels of the company’s capital structure), as the Global Vehicles and there may be situations in which such unaffiliated fund manager or investment vehicle purchases securities from, or sells securities to, the Global Vehicles. Additionally, TPG and its personnel enter into joint ventures or similar arrangements with unaffiliated fund managers that entitle us or our personnel to material amounts of carried interest, management fees and other economics related to the funds they manage and their other activities. We and/or our personnel also often have minority governance rights in these ventures, such as information rights and veto, change of control and other protections. We expect to assist these fund managers and their sponsored funds with their fundraising and investment activities, including by offering them the opportunity to co-sponsor, or co-invest in, Fund investments, potentially on more favorable terms than we offer others. We expect a Global Vehicle to also transact directly with unaffiliated fund managers and their sponsored funds, including in relation to the purchase or sale of fund assets or interests or making investments in vehicles sponsored by such unaffiliated fund managers. In addition to investing in unaffiliated fund managers, we and/or our personnel expect to acquire economic interests and minority governance rights in other companies and interest, including those that



provide services to, and receive compensation from, a Global Vehicle and/or its Portfolio Investments. Transactions described above, including but not limited to those by a Global Vehicle or its Portfolio Investments with or alongside non-affiliated entities implicate conflicts of interest and generally would not trigger the advisory committee disclosure, review or consent provisions of the Governing Documents applicable to transactions with affiliates, regardless of whether they are on arms'-length terms. Similarly, any fees or compensation a Global Vehicle or its Portfolio Investments pay to such unaffiliated entities would not offset the Global Vehicle's advisory fees even if we and/or our personnel have an indirect material economic interest in the entities. In addition, investment opportunities sourced by these ventures generally would not be subject to a Global Vehicle's investment allocation provisions, which only apply to investments presented to our affiliates, notwithstanding the role our employees play in evaluating and consummating such investments.

On May 1, 2020, TPG and Sixth Street Partners announced a mutual agreement to amend their relationship and formally operate as independent, unaffiliated businesses. While Sixth Street Partners and its clients are no longer our affiliates, including for purposes of the Governing Documents (and its funds are not "Funds" for purposes of this brochure), TPG has retained a passive minority economic interest in Sixth Street Partners, and is providing it certain transition services, such as IT and accounting services. The two firms have protocols in place to prevent the sharing of information between each other, and provide training as well as periodic reminders regarding the protocols. As a result, we believe the opportunity for a conflict of interest to arise between TPG and Sixth Street Partners is in many cases eliminated. Nonetheless, these ongoing business arrangements, as well as the close business relationship TPG has built with Sixth Street Partners across an eleven-year partnership, including certain legacy investments that TPG's funds and Sixth Street Partners' funds previously invested in alongside one another, could continue to present at least an appearance of conflicts of interest between Sixth Street and TPG, including of the type we highlight in this section and specifically as described in the preceding paragraph. Additional examples of potential conflicts include the possibility that a Sixth Street Partners fund will from time to time invest in a competitor of a Global Vehicle's Portfolio Investment or in a different part of the capital structure of a Global Vehicle's Portfolio Investment, giving rise to some extent to the same conflicts described above under "*Conflicts Related to Other Investments by Global Vehicles*" and "*Conflicts Related to Investing in Different Levels of the Capital Structure*," respectively. Certain additional conflicts we discuss in this Item 11 could also continue to arise to some degree, including, for example, those described under *Item 11 – "Diverse Membership;" "Conflicts Relating to Services Provided by Related Persons;" "Platform Companies;" "Conflicts Arising from Interactions with Portfolio Investments;" "Conflicts Related to Transactions with Other Global Vehicles;" "Investing Alongside Other Global Vehicles;" "Conflicts Arising from Business with Certain Investors;" "Conflicts Related to Legal Counsel and Other Service Providers Engaged by Global Vehicles;" "Allocation of Co-Investment Opportunities;" "Conflicts Arising from Other Investment Activities of the Global Vehicles – Certain Bankruptcy Implications;" "Conflicts Relating to Rates of Third-Party Advisors and Other Service Providers"*.

### *Conflicts Relating to Activities and Compensation of TPG Operations/Business Building Professionals*

We engage operations and business building professionals to assist our investment teams in creating value in our portfolio. Some of these professionals are TPG employees and others are consultants. The activities and compensation of these individuals vary depending on whether they are Operations Group professionals, Field Operations professionals or Senior Advisors:

- The TPG Operations team (sometimes referred to as the Business Building Team) is generally comprised of Operations Group professionals and Field Operations professionals.
  - Our Operations Group professionals are TPG employees who provide asset class- or industry-specific senior-level engagement with Portfolio Investments and also work directly with our deal professionals on new deal diligence. They typically receive cash compensation from us, and we are authorized to grant them carried interest in Global Vehicles. As described below (see “*Providers of Specialized Operational Services to Portfolio Investments*”), we receive fees and/or reimbursement from the Global Vehicles or Portfolio Investments for the Specialized Operational Services performed by members of our Operations Group, which may include reimbursement for compensation and related expenses associated with the provision of such services, even though they are TPG employees.
  - Our “Field Operations” professionals have deep, specialized operating experience. Some of these professionals are sector specialists who focus on a particular industry or asset class. They are typically embedded within Portfolio Investments and given responsibility for narrowly defined initiatives that are part of a broader value creation plan, such as lean manufacturing, construction management, property management, sourcing, supply chain management or new product introduction. They sometimes also act as interim members of management for Portfolio Investments. In limited circumstances, Global Vehicles may partner with a Manager that is willing to engage our Field Operations professionals to create value in an underlying portfolio company. Field Operations professionals typically have tailored compensation arrangements specific to their engagement. They can receive compensation from us or a Portfolio Investment, including equity grants or profits interest from a Portfolio Investment or its holding structure or other incentive compensation, depending on their individual arrangement and the services they provide. Most or all of our Field Operations professionals’ compensation is generally either paid or reimbursed by Portfolio Investments and Global Vehicles as a Specialized Operational Service expense, regardless of whether we engage them as employees or consultants. For more information about Specialized Operational Services, see “*Providers of Specialized Operational Services to Portfolio Investments*” below.
- Our “Senior Advisors” include consultants who have established industry and/or regional expertise and are available to assist us with transaction sourcing, due diligence, valuation,

structuring, consulting and similar matters and to serve on the boards of directors of Portfolio Investments and through providing NEXT Manager Services (as described below). We also engage other similar consultants with, for example, more narrow expertise. In limited circumstances, Global Vehicles may partner with a Manager that is willing to engage our Senior Advisors to serve on the board of directors of an underlying portfolio company. Senior Advisors and such other consultants typically have tailored compensation arrangements specific to their engagement. They can receive compensation in multiple forms, depending on their individual arrangement and the services they provide, including cash payments from us, a Global Vehicle or a Portfolio Investment, carried interest in the Global Vehicles, profits interests in a Portfolio Investment, equity or stock option grants from a Portfolio Investment, and fees and carried interest relating to a particular transaction. Compensation from Portfolio Investments to our Senior Advisors and other consultants generally do not offset the advisory fees payable by investors in the related Global Vehicles. See “*Conflicts Relating to Activities and Compensation of Senior Advisors*” below.

We determine in our discretion whether to engage an operations professional as a TPG employee or as a consultant. Sometimes, an operations professional is initially engaged as a consultant and later transitions to employee status. Conversely, sometimes an operations professional is initially an employee and later becomes a consultant. Our determination regarding whether to engage an operations professional as either a TPG employee or a consultant can give rise to potential conflicts of interest because, in general, except with respect to certain in-house, foreign office, Specialized Operational Services and NEXT Manager Services, the compensation costs for TPG employees are borne by us, whereas compensation costs for consultants are permitted to be paid by us, a Global Vehicle or a Portfolio Investment, as described above. Where an operations professional is performing a NEXT Manager Service or a Specialized Operational Services for a Global Vehicle or a Portfolio Investment, the Governing Documents of certain Global Vehicles allow us to be paid or reimbursed for the costs of those services, regardless of whether the professional providing the service is a TPG employee or consultant.

#### *Conflicts Relating to Activities and Compensation of Senior Advisors*

We maintain business relationships with certain advisors and consultants who generally have established asset-class, industry and/or regional expertise and who we expect to assist, to provide NEXT Manager Services or advise us with respect to transaction sourcing, due diligence, valuation, structuring, consulting or similar matters and to serve on the board of directors of, or in other similar capacities, with respect to, one or more of the Global Vehicles’ Portfolio Investments; in some cases, these individuals are former TPG employees or otherwise have close business and personal relationships with TPG. We generally refer to these individuals as “Senior Advisors.” In addition, we also expect to utilize other similar consultants with, for example, more narrow expertise.

Senior Advisors are independent contractors. They are not our employees, even if most or all of their work is performed on our behalf or at our direction, they perform the same or similar activities as our employees, they have more access to and involvement in our business activities than other third-party consultants or they share other attributes with TPG employees, such as TPG-provided administrative support or TPG-related email addresses or business cards. Senior Advisors are

generally not our affiliates for purposes of the Governing Documents and therefore typically are not subject to certain restrictions and conditions that relate specifically to our employees and affiliates. For example, a Global Vehicle expects to make payments to Senior Advisors, and any fees Portfolio Investments pay to a Senior Advisor (such as sourcing fees, origination service fees (including “points” or servicing fees) or directors’ fees) or profits interests or other compensation received by Senior Advisors from Portfolio Investments or their holding structures will not reduce the advisory fees payable by investors in the Global Vehicle, even if such amounts would reduce the advisory fee if they were paid to our affiliates. Furthermore, in the event we hire a Senior Advisor as an employee or otherwise elect to treat such person as our affiliate, any profits interests or other compensation amounts payable by a Portfolio Investment or a Global Vehicle to such Senior Advisor pursuant to an arrangement that was entered into prior to such Senior Advisor becoming our affiliate will not be considered “portfolio fees” and will not reduce the advisory fees payable by investors in the Global Vehicle. In the event a Senior Advisor is paid an annual retainer, the value provided to the relevant Global Vehicle and/or Portfolio Investment by such Senior Advisor may vary year to year and there can be no assurance that the annual retainer paid will be commensurate with the value provided by the Senior Advisor. In some instances, Senior Advisors provide operational services to Portfolio Investments. Moreover, Senior Advisors often make personal investments in Portfolio Investments alongside Global Vehicles, and Global Vehicles are not prohibited from investing in Portfolio Investments, directly or indirectly, in which Senior Advisors hold existing material investments. Similarly, a Global Vehicle is permitted to co-invest in Portfolio Investments alongside funds that are managed by Senior Advisors or invest, directly or indirectly, in Portfolio Investments in which such funds have an existing material investment.

We believe that the expertise of Senior Advisors will benefit the Global Vehicles. Relying on Senior Advisors, however, creates potential conflicts of interest. For example, we typically determine the amount of compensation that will be paid to Senior Advisors, but as described above under “*Conflicts Relating to Activities and Compensation of TPG Operations/Business Building Professionals*,” Portfolio Investments or a Global Vehicle ultimately pay or reimburse us for such compensation. The close business or personal relationships that some Senior Advisors have with us give us less incentive to negotiate with a prospective Senior Advisor for a lower level of compensation. The appropriate level of compensation for a Senior Advisor can be difficult to determine, especially if the expertise and services he/she provides are unique and/or tailored to the specific engagement. In addition, given that we (and not a Global Vehicle) otherwise pay the salaries of our employees, we have incentives to retain individuals as Senior Advisors instead of hiring them as employees, or to convert existing employees to Senior Advisors. Finally, conflicts of interest may arise in the event that a Senior Advisor serves as a director on the board of, or in any similar capacity with respect to, more than one Portfolio Investment or on behalf of multiple Global Vehicles.

#### *Affiliated Services Companies*

We may in the future form, acquire interests in, or otherwise engage one or more entities in which we, or our affiliates, or TPG professionals personally, hold controlling interests may provide some or all of the services contemplated under “*Conflicts Relating to Activities and Compensation of TPG Operations Professionals/Business Building*” and “*Conflicts Relating to Activities and Compensation of Senior Advisory Professionals and Other Consultants*” above to the Global Vehicle and/or its Portfolio Investments, including but not limited to loan servicing (including,

monitoring, restructuring and work-out of performing, sub-performing and non-performing loans, administrative services and cash management). Any fees or compensation the Global Vehicle or its Portfolio Investments pays to such entities in connection with the performance of such services and compensation such entities receive in connection with or related to providing such services to a Global Vehicle or its Portfolio Investment would not offset the Global Vehicle's management fees even though we and/or our personnel have a material economic interest in the entities.

#### *Conflicts Related to Material Non-Public Information*

From time to time, we and our personnel are expected to come into possession of material non-public information ("MNPI") concerning specific companies, including as a result of certain of our personnel serving on the boards of directors or in other similar capacities of our portfolio companies and Portfolio Investments, through other officer or director positions of our personnel, and as a result of information the Global Vehicles receive in their capacity as an investor in a Portfolio Investment, directly or indirectly, in connection with its investments in any such Portfolio Investment. As a consequence of our and the general partners' inability to use MNPI for investment purposes under applicable securities laws and/or our internal policies and procedures, such positions and/or Portfolio Investments, as applicable, could impair the ability of the Global Vehicles to sell the securities of an issuer in the event a director, by virtue of his or her role, or the Global Vehicles, by virtue of their capacity as an investor in a Portfolio Investment, receives MNPI, which would have an adverse effect on the Global Vehicles. For example, the Global Vehicles may be restricted from buying or selling an investment which, if MNPI had not been known, otherwise may have been undertaken. Each of us and the Global Vehicles anticipate that, to minimize the impact of such restrictions, it is permitted to elect to not receive MNPI in certain situations in which such an election is available. However, due to these restrictions, there can be no assurance that the Global Vehicles will be able to liquidate or exit an opportunity in the same manner or on the same timing as would be the case if such restrictions did not apply. As a result of the foregoing, the Global Vehicles may be adversely affected because of our inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent the Global Vehicles from pursuing investment opportunities, require the sale of part or all of certain Portfolio Investments on a timeline or in a manner deemed undesirable by us or may limit the ability of one or more Portfolio Investments from conducting their intended business in whole or in part. Consequently, there can be no assurance that the Global Vehicles will be able to participate in all potential investment opportunities that fall within its investment objectives.

#### *Conflicts Relating to Activities and Compensation of Other Third Parties*

In addition to Senior Advisors, we will retain other third parties, such as accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons, consultants, asset managers, property managers, contractors, developers, leasing agents and servicers, collateral managers, special servicers and other consultants to provide services (including credit services of the type described in "*Providers of Specialized Operational Services to Portfolio Investments*") to the Global Vehicles, including certain strategic partners as described in "*Conflicts Arising from Strategic Relationships*" below. These services may relate to sourcing, conducting due diligence on or developing potential investments, as well as structuring, managing, monitoring and disposing

of or otherwise realizing upon investments. In many cases, these are the types of services that TPG employees could also provide or have in the past provided. Determining whether to engage a third party or a TPG employee gives rise to conflicts of interest because we generally bear, with the exception of certain in-house, foreign office, Specialized Operational Services and NEXT Manager Services paid or reimbursed to us under certain Governing Documents (see “*Item 5 – Fees and Compensation*”), the compensation costs of, or other amounts payable to, TPG employees who render these services, while amounts paid to third parties are typically an expense of the relevant Global Vehicle ultimately borne by its investors. We therefore have an incentive to retain third parties rather than hire additional TPG employees and to outsource to third-party service providers functions that TPG employees could perform or have previously performed.

Global Vehicles can invest through partnerships, joint ventures or other entities alongside one or more other operating partners or co-venturers (which we refer to collectively as “co-venturers”). Co-venturers may include the seller of a property, a person involved in the selling, identification, acquisition or management of an investment, an investor in a Global Vehicle, a partner or investor in another joint venture (or other vehicle that we control) or another third party. For their role in an investment, co-venturers may receive equity in the investment vehicle as well as payments, performance-based compensation and/or another form of interest (such as a profits interest or carried interest) from the investment vehicles (or the Global Vehicle) and such interests could result in significant payments to co-venturers. In these circumstances, we will treat these amounts as investment expenses and will not apply them to offset a Global Vehicle’s advisory fee, even if they have the effect of reducing any amounts, such as retainers, that we would otherwise bear.

We expect to perform services for partnerships or joint ventures in which a co-venturer has an interest. We may receive fees, expense reimbursements and other payments with respect to these services, including in respect of the co-venturer’s interest. Any fees, reimbursements, or other payments we receive in respect of a co-venturer’s interest (that is, in addition to a Global Vehicle’s allocable share of such fees and reimbursements) generally would not offset the Global Vehicle’s advisory fee.

In addition to relying on third parties generally as described above, we expect the Global Vehicles to engage third parties (including as co-venturers) to assist with the acquisition, development, construction, renovation or operation of its Portfolio Investments. In many cases, these are services that TPG employees could provide or in the past have provided. The Global Vehicles may pay to these third parties, in addition to any equity or other investment-related compensation, any related development fees, incentive fees, promotes, carried interest, acquisition fees, asset and other advisory fees, and other amounts. When a Global Vehicle pays these amounts to unaffiliated third parties (including co-venturers), the Global Vehicle’s advisory fee will not be reduced. As such, the cost to the investors in the Global Vehicle of engaging third parties for these purposes is generally higher than the cost of relying on TPG professionals or other affiliates.

When a Global Vehicle makes an investment through a joint venture, it may also rely on a third-party property manager to manage or operate the underlying properties on a day-to-day basis. The return on such an investment will therefore depend in large part on the ability of the third-party manager to operate, lease or improve the properties on economically favorable terms. A property manager may provide management and leasing services to properties owned by others (including other Global Vehicles) that compete with the Global Vehicle’s investment. In these circumstances,

the interests of the Global Vehicle's investment could conflict with those of the properties owned by third parties, and the property manager may have an incentive, by virtue, for example, of the manner in which it is compensated, to favor the third party over the Global Vehicle.

#### *Conflicts Relating to Rates of Third-Party Advisors and Other Service Providers*

As described above, the Global Vehicles and their Portfolio Investments will retain or pay for advisors and service providers, including accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons, consultants, asset managers, property managers, co-venturers, contractors, developers, leasing agents, servicers, collateral managers, special servicers and other consultants. Some of these advisors and service providers also provide services to or have other relationships with TPG. While we will generally seek to engage advisors and service providers on behalf of the Global Vehicles and their Portfolio Investments on the basis of the quality of the advice and other services provided, these relationships could influence our decision to select or recommend an advisor or service provider to perform services for the Global Vehicles or their Portfolio Investments (the cost of which will generally be borne directly or indirectly by the Global Vehicles or their Portfolio Investments, as applicable). In certain circumstances, advisors and other service providers could charge rates or establish other terms for advice and services provided to TPG, other Global Vehicles or any of their respective affiliates or Portfolio Investments that are different from and more favorable than those charged in respect of advice and services provided to the Global Vehicles and their Portfolio Investments. Moreover, whereas we typically negotiate on a matter-specific basis the rates or amounts payable for such services, the Funds or their Portfolio Investments may from time to time to pay higher rates or amounts than we otherwise would for such services.

As noted in Item 5, we expect the Global Vehicles and their Portfolio Investments to participate in arrangements that involve payments, discounts, reimbursements or other benefits to us or our affiliates. For example, we currently afford certain Portfolio Investments the opportunity to participate in a program with us, our affiliates and other Portfolio Investments pursuant to which one of our affiliates negotiates favorable procurement arrangements. We and our affiliates, together with participating Portfolio Investments, receive the favorable procurement terms, which we are able to secure due in part to the involvement of our Portfolio Investments. This program is a Specialized Operational Service provided to participating Portfolio Investments, and therefore our affiliates receive payments or reimbursements from a participating Global Vehicle and their Portfolio Investments to cover the cost of administering the program through the method described in “*Item 11—Providers of Specialized Operational Services to Portfolio Investments*” and such payments or reimbursements are not subject to advisory fee offsets or otherwise shared with the Global Vehicles. Because the cost of administering this program is shared among the participants, we will disproportionately benefit from it to the extent we utilize a greater number of the favorable procurement arrangements to a greater degree than any of the participating Portfolio Investments.

#### *Conflicts Arising from Service by Our Professionals on Portfolio Investment Boards of Directors*

Our professionals frequently serve on the boards of directors or in other similar capacities of our Portfolio Investments, including those of the Global Vehicles, by virtue of the governance agreements we typically negotiate with Portfolio Investments in connection with an investment. While the interests of a Global Vehicle as an indirect or direct equityholder in a Portfolio

Investment generally align with the interests of equityholders more broadly, it is possible that our professionals' fiduciary duties to the Portfolio Investments and such applicable equityholders as directors or equivalent managing persons will conflict with the interests of the Global Vehicle. For example, it may be inconsistent with a director's fiduciary duties to share information he/she receives regarding the relevant Portfolio Investment with Global Personnel overseeing an investment in a different Portfolio Investment even though that information would be beneficial to the other Portfolio Investment and hence the other Global Vehicle. Additionally, such positions could impair the ability of a Global Vehicle to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Global Vehicle. Decisions made by a director or a person serving in a similar capacity may also subject us, our affiliates or the Global Vehicles to claims they would not otherwise be subject to as an indirect investor in a Portfolio Investment, including claims of breach of duty of loyalty, securities claims and other director-related claims. In addition, to the extent our professionals serve as directors or in other similar capacities on the boards of more than one Portfolio Investment, such professionals' fiduciary duties among the two Portfolio Investments, may create a conflict of interest. Similarly, to the extent our professionals serve as directors or in other similar capacities on the boards of Portfolio Investments in which multiple Global Vehicles directly or indirectly invest, such professionals may act in the interest of one (and not all) of such Global Vehicles and/or not necessarily in the interest of any one Global Vehicle. Furthermore, Global Personnel serving as a director to a Portfolio Investment owes a fiduciary duty to the Portfolio Investment, on the one hand, and the relevant Global Vehicle, on the other hand, and such Global Personnel may be in a position where he or she must make a decision that is either not in the best interest of the Global Vehicle, or is not in the best interest of the Portfolio Investment.

#### *Conflicts Arising from Interests of Our Professionals in the Global Vehicles*

Our professionals generally participate indirectly in investments made by the Global Vehicles. While we believe this helps align the interests of our professionals with those of the Global Vehicles' other investors and provides a strong incentive to enhance Fund performance, these arrangements also give rise to potential conflicts of interest. For example, our professionals have an incentive to influence the allocation of an attractive investment opportunity to the Fund in which they stand to personally earn the greatest return, although the involvement of a substantial number of professionals in our investment review process mitigates the ability of any single person to control an investment decision. Some of our professionals also have personal investments in entities that are not affiliated with us such as investment funds managed by other sponsors that compete for the same investment opportunities or acquire an investment from, or dispose of an investment to, a Global Vehicle, which likewise gives rise to potential conflicts of interest. Our Code of Ethics generally requires Global Personnel to disclose such ownership interests periodically.

TPG and its personnel may, at any time, transfer their interests in a Global Vehicle to a third party so long as TPG's capital commitment following such transfer satisfies the required minimum commitment applicable to the Global Vehicles. As a result of such a transfer, interests in the Global Vehicles that were previously non-voting interests may become voting interests. In addition, commitments of TPG-controlled vehicles would not be included in any cap on third-party commitments to the Global Vehicles during the fundraising period, and any amounts transferred



to a third party after the final closing of the Global Vehicles would not count toward the Global Vehicles' cap.

#### *Conflicts Arising in the Allocation of Our Professionals' Time and Attention*

The success of a Global Vehicle will depend on our investment professionals' ability to, among other things, source, underwrite, structure, complete, finance and manage investments, improve the operations, governance and performance of the companies and assets we acquire and exit investments at the appropriate time and at attractive valuations or otherwise realize upon investments. To achieve those ends, our investment professionals will devote such time and resources to each Global Vehicle's activities as we determine to be appropriate, consistent with the relevant Governing Documents. Our professionals, however, also spend time assisting other Global Vehicles with their investment activities or working on other projects. In addition, our professionals expect to have responsibilities and duties to other TPG platforms and to the firm generally. Finally, with respect to a Global Vehicle's key persons, the Governing Documents of the applicable Global Vehicle generally do not restrict their academic, advisory board, personal wealth management, not-for-profit, charitable and similar activities. Conflicts will therefore arise between the Global Vehicles with respect to the allocation of investment professional time and resources.

#### *Providers of Specialized Operational Services to Portfolio Investments*

The Global Vehicles will generally reimburse all fees, costs and other expenses related to certain Specialized Operational Services rendered to the Global Vehicles or their Portfolio Investments, where the Portfolio Investment does not directly or indirectly reimburse such costs. Specialized Operational Services have been referred to by us in the past as "field ops" or "specialized services" and consist of operational support, regulatory or legal support, specialized operations and consulting services and similar or related services in connection with the identification, acquisition, holding and disposition of investments (including potential investments). We refer to such services as "Specialized Operational Services" and to the individuals and companies that provide them as "Specialized Operational Service Providers." These services include but are not limited to, for example, support or analysis regarding:

- with respect to certain Global Vehicles advised by Global, property-level services (which we refer to as "property services"), including:
  - property management;
  - asset management;
  - development and development management;
  - construction and construction management;
  - leasing;
  - brokerage;

- mortgage and other financing;
- loan servicing;
- other property services;
- support or analysis regarding a company's or a property's (as applicable):
  - management (including serving in management positions or participating in the determination of corporate strategy);
  - supply chain (including leveraged procurement and logistics/distribution networks);
  - marketing and sales strategy, pricing and sales force effectiveness;
  - data intelligence;
  - finance (including generating metrics and reporting and business restructuring);
  - human capital management (including recruiting personnel, management onboarding, identifying, curating and developing a network of talent and third-party recruiting resources in anticipation of supporting Portfolio Investment recruiting efforts and determining executive/incentive compensation);
  - information technology;
  - cybersecurity;
  - corporate communications and public relations (including identifying, curating and developing a network of third-party public relations resources in anticipation of supporting a Portfolio Investment's corporate communications and public relations efforts);
  - governmental affairs and relations;
  - customer service;
  - ESG factors (including diligence target setting and strategy execution and monitoring policies and risk factors, policy, measurement and reporting development);
  - loan origination services, loan servicing and loan agency services and special servicing and services with respect to loan syndication, managing workouts and managing foreclosures ("credit services");
  - property management, development and other real estate matters;
  - procurement programs (see "*Item 5 – Leveraged Procurement*");

- Portfolio Compliance; and
- other similar operational services.

As a general matter, and as further described below, if a TPG employee provides certain Specialized Operational Services other than credit services or property services, such services are subject to cost reimbursement only. Alternatively, with respect to certain Global Vehicles advised by Global, where a TPG employee or affiliate provides Specialized Operational Services that constitute credit services or property services, we expect such services to be provided on a “fee-for-service” basis that could result in such employee or affiliate receiving a profit. Even in the scenario where a TPG employee or affiliate receives a profit in connection with the provision of Specialized Operational Services, this amount would not be included in fees for Related Services, and therefore does not offset the management fee.

Occasionally, whether a service constitutes a Specialized Operational Service is not clear. It may be difficult to distinguish Specialized Operational Services from the investment advisory services provided to the Global Vehicles by us and our affiliates. In these instances, we will consider, in our sole discretion, a service a Specialized Operational Service if we determine that (i) third parties often provide such a service; (ii) it is a service requiring specialized operational experience or expertise; and (iii) it is performed by an individual or individuals with the relevant experience or expertise. For example, board services would not be Specialized Operational Services subject to reimbursement, as they are not operational services requiring specialized experience or expertise. With respect to certain Global Vehicles advised by Global, services such as establishing or assessing a leveraged procurement plan, developing a market survey designed to enhance market share, or creating a leasing strategy plan to identify cross-tenanting opportunities at multiple properties within a portfolio would be types of specialized real estate and operational services that would be subject to reimbursement, as these services require real estate or operational expertise. In addition, ESG services such as diligence, screening and portfolio-level initiatives performed by Y Analytics – a public benefit organization owned and controlled by TPG are Specialized Operational Services subject to reimbursement. We engage TPG professionals to provide Specialized Operational Services when we believe that they more effectively drive value creation than independent service providers. It is expected that the services provided by providers of Specialized Operational Services will expand over time.

The Governing Documents typically require us to use reasonable efforts to cause each Portfolio Investment to reimburse all costs of Specialized Operational Services that we, in our reasonable discretion, allocate to that Portfolio Investment. The efforts we make to get recovery from Portfolio Investments for these costs usually depend on transaction-related and commercial considerations such as the nature of a Global Vehicle’s investment, the financial ability of the investment to make payment, the type of services and the expectations of the investment or other investors. Sometimes we negotiate for direct reimbursement from the Portfolio Investment to us or our service providers. Other times, we seek to include Specialized Operational Services as a component of the monitoring fee a Portfolio Investment pays under its management services agreement. In limited cases, efforts at recovery are not reasonable or practical, especially when an investment is unable or unwilling to make payment. Amounts that are not allocated to or reimbursed by a Portfolio Investment are reimbursed first from total gross portfolio fees received by the Global Vehicles, us or the general partner (prior to any management fee offset). Certain

Global Vehicles reimburse any costs not covered by the applicable Portfolio Investment or total gross portfolio fees, up to an annual maximum. Generally, we must disclose the amount of such reimbursement, regardless of the source, periodically to a Global Vehicle's advisory committee. In particular, reimbursements for Specialized Operational Services will not reduce the management fee charged to the Global

Vehicles, regardless of whether the provider of the Specialized Operational Services is our employee or affiliate. Additionally, any reimbursements for such services from portfolio fees will reduce the amount of such fees that would otherwise offset the management fees.

With respect to certain Global Vehicles advised by Global, If a TPG employee or affiliate provides Specialized Operational Services on a fee-for-service basis (e.g., in connection with the provision of property services) such fees will generally not exceed the rate that would be payable by the Global Vehicles or their Portfolio Investments if such services were provided by a third party providing comparable services in an arm's-length transaction. We will make determinations of market rates (i.e., rates that fall within a range that we have determined is reflective of rates in the applicable market and certain similar markets, though not necessarily equal to or lower than the median rate of comparable firms) based on our consideration of a number of factors, which are generally expected to include our experience with non-affiliated service providers as well as benchmarking data and other methodologies determined by us to be appropriate under the circumstances. In respect of benchmarking, while we often obtain benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by its affiliates in the applicable market or certain similar markets, relevant comparisons may not be available for a number of reasons, including, 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., within property management services, different assets may receive different property management services). Any methodology, or choice among methodologies, involves potential conflicts of interest.

Specialized Operational Services will at times be provided in respect of Portfolio Investments prior to the closing of the Investment and to Global Vehicles in connection with their diligence of potential investments. The Global Vehicles will reimburse us directly for the costs of such Specialized Operational Services, including for deals that are not consummated. The Global Vehicles will reimburse us directly for the costs of such Specialized Operational Services, including for deals that are not consummated.

In the event that another Global Vehicle has invested alongside a Global Vehicle in a Portfolio Investment, we generally will allocated any reimbursement for Specialized Operational Services with respect to such investment among the Global Vehicles pro rata in accordance with their respective investments unless another method is more equitable under the circumstances.

If a TPG employee provides a Specialized Operational Service that is not a credit service or a property service, we generally determine the associated reimbursement amount by reference to the aggregate annual compensation paid to the employee (including benefits, profits interests, equity interests (including restricted stock units or other equity awards in TPG Inc.) or other incentive-based compensation), plus an estimate of the overhead and other fixed costs allocable to the employee, and the amount of time spent by the employee providing the Specialized Operational Services. We use a similar formulation for calculating the reimbursement amounts for Specialized

Operational Services provided by consultants such as Senior Advisors. As explained above under “*Conflicts Relating to Activities and Compensation of TPG Operations/Business Building Professionals*,” these professionals typically have tailored compensation arrangements specific to their engagement that we negotiate with them in our discretion. Given the inherently specialized nature of such services, a limited market for such services exists, often setting no clear market guidelines on appropriate compensation. Although we intend operations professionals to be compensated at competitive rates, their compensation will not necessarily be determined through arm’s-length negotiation. In the event a provider of Specialized Operational Services is paid by an annual retainer, the value provided to the relevant Global Vehicle and/or Portfolio Investment by such provider of Specialized Operational Services may vary year to year and there can be no assurance that the annual retainer paid will be commensurate with the value provided by the provider of Specialized Operational Services.

We have an incentive to retain our operations and business building professionals to provide Specialized Operational Services, even if retaining other providers would be as or more advantageous to the Portfolio Investment. In addition, possible providers of Specialized Operational Services may be investors in, provide goods or services to or have other relationships with the Global Vehicles, which in turn may influence our decision on whom to retain. We intend to allocate fees and expenses in a manner we believe in good faith to be fair and equitable, but in our sole discretion. The allocation may not be proportional as certain Global Vehicles have different expense reimbursement terms, including with respect to management fee offsets, and we have a financial incentive to favor allocations that benefit us. As a result, the amount of a Global Vehicle’s expenses ultimately called or called at any one time may exceed expectations.

Payments or reimbursements from Portfolio Investments in respect of Specialized Operational Services are usually in the form of cash (which may include payment of “points” to an operations professional that performs origination services) but can sometimes be in kind, including options, restricted stock units or other equity awards or interests (including with time- or incentive-based vesting) in a Portfolio Investment granted to the Global Personnel or other TPG affiliate who provides Specialized Operational Services. We will evaluate the treatment of any such in-kind payment or reimbursement on a case-by-case basis, including as to valuation for reporting purposes and the timing and manner of disposition by such Global Personnel or other TPG affiliate.

#### *NEXT Manager Services*

We expect to engage certain of our professionals, our affiliates and/or Senior Advisors to provide certain services (“NEXT Manager Services”) to the general partners, management companies or related entities of third-party asset management firms in which the TPG NEXT Funds invest or otherwise hold an interest, and/or to any investment fund, managed account or other investment arrangement sponsored, managed or advised by those entities, and/or to any portfolio company or Portfolio Investment thereof (“NEXT Managers”). NEXT Manager Services are expected to consist of operational, strategic, advisory, consulting, financial and other support services (including fundraising, client development, incubation, product development, administrative, human capital and resources, risk management, legal, regulatory, ESG, tax, accounting, business-building techniques, strategic guidance, best practices, marketing, financial advisory, monetization and other similar services), though we expect that the types of services that are

considered operational, strategic, advisory, consulting, financial and other support services will evolve over time.

We generally expect to seek payment and/or reimbursement of our fees (paid as either cash or non-cash compensation), costs and other expenses related to the provision of NEXT Manager Services from a TPG NEXT Fund; however, we reserve the right to seek payment and/or reimbursement from the applicable NEXT Manager in our sole discretion. Reimbursement amounts are expected to include related overhead expenses (see “*Item 5—Overhead*”) and travel expenses (see “*Item 5—Travel Expense Reimbursements*”). Any fees, costs and other expenses incurred in connection with the provision of NEXT Manager Services will not constitute “portfolio fees” and will not be shared with the TPG NEXT Fund or investors, or reduce the management fee payable by any investor, regardless of whether the provider of the NEXT Manager Services is our employee or affiliate. The amount of fees, costs and expenses incurred in connection with the provision of NEXT Manager Services that the TPG NEXT Funds and NEXT Managers, in the aggregate, may bear on an annual basis will typically be capped. We will disclose the aggregate amount of any fees, costs and other expenses paid and/or reimbursed to us or to our affiliates related to NEXT Manager Services periodically to a TPG NEXT Fund’s advisory committee. Given the inherently specialized nature of the types of services that constitute NEXT Manager Services, a limited market for them exists, which may mean that there are no clear market guidelines for an appropriate reimbursement. There can be no assurance no other service provider could not provide such services at a lesser cost.

Payments and/or reimbursements from the applicable NEXT Manager in respect of NEXT Manager Services are usually in the form of cash, but can sometimes be in kind, including options, restricted stock units, carried interest grants, or other equity awards or interests (including with time- or incentive-based vesting) in the applicable NEXT Manager or its affiliates granted to the person who provides NEXT Manager Services. We will evaluate the treatment of any such in-kind reimbursement on a case-by-case basis, including as to valuation for purposes of counting towards any reimbursement cap, valuation for reporting purposes and the timing and manner of disposition by such person providing NEXT Manager Services. In the event we elect to value any non-cash compensation as of the date of payment (and therefore not take into account any subsequent appreciation or depreciation), we have an incentive to cause any such payments to be made in the form of non-cash compensation particularly if such non-cash compensation is provided at a point in time when the value of such non-cash compensation is expected to be at or near its lowest (e.g., immediately following the purchase of a portfolio company), rather than other forms of compensation to avoid reaching any reimbursement cap.

There is considerable overlap between the services that constitute Specialized Operational Services and the services that constitute NEXT Manager Services, and, often, whether a service should be classified as a Specialized Operational Service or a NEXT Manager Service will not be clear. In these instances, we are authorized to determine, in our sole discretion, whether a particular service constitutes a Specialized Operational Service or a NEXT Manager Service, which determination could be based on a variety of factors, including the type of services being provided, the person providing such services and their relationship to TPG, and whether the direct recipient of such services is a NEXT Manager itself or a portfolio company or Portfolio Investment of a NEXT Manager. Currently, as a general matter we expect to classify services provided directly to NEXT Managers as NEXT Manager Services, and services provided to portfolio companies or Portfolio

Investments of NEXT Managers as Specialized Operational Services. However, our approach to classification of any such services is likely to change over time and there is no guarantee that we will apply classifications consistently. In addition, our determinations regarding the types of services we classify as NEXT Manager Services will likely change over time, and additional services not set forth in the examples above but that satisfy the criteria of NEXT Manager Services are expected to be subject to reimbursement in the future. As a result of the overlap between Specialized Operational Services and NEXT Manager Services, and the different caps and mechanics for reimbursement of fees, costs and expenses associated with each, we will likely be incentivized to classify a service as a NEXT Manager Service instead of a Specialized Operational Service, or *vice versa*, depending on the extent to which a particular reimbursement cap has been used in a given year and as a result our ability to receive payment and/or reimbursement as a result of such classification.

In addition, we have the discretion to designate a NEXT Manager Service provider as a third-party consultant, or seek to have such person become employed by a NEXT Manager, in which case any compensation received by that person after the date of his or her redesignation generally will not be subject to any reimbursement cap. Our ability to redesignate or cause or influence NEXT Managers to employ personnel creates an incentive to shift costs in a manner so they are directly or indirectly borne by a NEXT Manager or a TPG NEXT Fund, either in whole or in part, or to shift costs that would otherwise be borne by us as overhead.

#### *Conflicts Related to Investments of Global Personnel*

We and our Global Personnel may buy or sell securities or other instruments that we have recommended to Global Vehicles. In addition, Global Personnel may also buy securities in transactions offered to but rejected by Global Vehicles. In the event of such transactions, conflicts of interest may arise because such investing Global Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by us on behalf of the Global Vehicle. In such circumstances, the investing Global Personnel typically will not share or reimburse the relevant Global Vehicle(s) and/or us for any expenses incurred in connection with the investment opportunity.

In addition, Global Personnel may also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Global Vehicles and which may invest in similar industries and sectors as the Global Vehicles. Such Global Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same Portfolio Investments as the Global Vehicles and there may be situations in which such investment vehicle purchases securities or other assets from, or sells securities or other assets to, a Global Vehicle. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Global Vehicles. Such personnel may be incentivized to cause a Global Vehicle to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

### *Conflicts Arising from Customized Terms Provided to Certain Investors*

Investors increasingly expect to make investments in private investment funds on customized terms. We accommodate these expectations by entering into written agreements, which we refer to as “side letters,” with investors in connection with the formation of the applicable Global Vehicle. We also reserve the right to provide customization by forming separate accounts for certain investors, including some that also are investors in a Global Vehicle, that would invest alongside the applicable Global Vehicle on terms that differ from those in the Global Vehicle’s Governing Documents. A side letter typically relates solely to an investor’s interest in a single Global Vehicle (*i.e.*, it does not relate to any other Global Vehicle) and allows the investor to make its investment in the Global Vehicle on terms that are different from, and usually more favorable than, those set forth in the relevant Governing Documents. Notwithstanding any provision of the Governing Documents, matters arising under any side letter are considered matters contemplated in the Governing Documents and the exculpation and indemnification provisions set forth in the Governing Documents shall apply equally to any side letter. Investors are expected to request and receive customized terms, which typically results in preferential treatment with respect to, among other things,

- the ability to opt out of investments (which, to the extent exercised, would increase the other investors’ pro rata interest in those investments);
- the reporting or notice obligations of the applicable general partner or Global Vehicle;
- consent rights with respect to certain amendments to the applicable Global Vehicle Governing Documents;
- the right to transfer interests in the applicable Global Vehicle;
- the right to withdraw from the applicable Global Vehicle in the event of adverse tax or regulatory events (which, if exercised, would increase the other investors’ pro rata interest in such Global Vehicle);
- the right to appoint a representative or observer to the advisory committee of the applicable Global Vehicle, if applicable, or other similar advisory groups;
- the right to participate in meetings with TPG with respect to the investment strategy of the Fund, and to have access to investment and other professionals of TPG, as well as to Managers and their management teams;
- additional confidentiality protections or waiver of existing confidentiality obligations;
- the right to disclose certain information to underlying investors or to the public;
- the right to appoint a representative or observer to the TPG NEXT Collaborative;
- the right to select an advisor to serve on the TPG NEXT Investment Review Committee;



- structuring rights with respect to certain types of investments;
- economic terms, including reduced or modified management fees and/or carried interest;
- the ability to participate in management fees or carried interest of TPG-related vehicles, including a general partner, us and/or other subsidiaries of the TPG Operating Group that are entitled to receive payment of management fees and carried interest from the Global Vehicles;
- the investor-specific information or documentation that the applicable Global Vehicle would otherwise provide to lenders, other financing sources or other third parties;
- the offering of co-investment opportunities;
- distributions in-kind; or
- any other terms, whether economic, procedural or otherwise.

We will consider many factors in deciding whether to accord investors in Global Vehicles customized terms via a side letter and we have economic and other commercial incentives to provide certain terms to certain investors. We expect to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the Global Vehicle or that are anticipated to be important to future TPG fundraising campaigns;
- investors that have made a commitment on the initial closing date or during an early closing period;
- investors that are strategic partners with respect to a Global Vehicle's investment mandate;
- investors that have a broader strategic relationship with TPG;
- investors that are subject to specific legal, tax or regulatory requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

In general, no investor has any rights under the side letters of other investors. The Governing Documents of certain Global Vehicles, however, include a "most-favored nation," or "MFN," clause whereby an investor receives certain rights and benefits granted in certain other side letters with respect to the Global Vehicle. Except to the extent required by the Governing Documents of the applicable Global Vehicle, we have no obligation to offer any such additional rights, terms or conditions to any other investor in such Global Vehicles. Side letter arrangements with certain investors of the Global Vehicles impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or

other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Global Vehicle.

Matters arising under any side letter are subject to indemnification and exculpation by a Global Vehicle pursuant to a Global Vehicle's Governing Documents.

#### *Favorable Terms Provided to Affiliates and Related Persons*

The employees, business associates and other "friends of the firm" of TPG are typically able to invest directly or indirectly in Global Vehicles on terms that are more favorable than those offered to other investors. Such favorable terms may involve, among other things, a waived or reduced advisory fee, and the waiver or reduction of other restrictions. The Global Vehicles have no obligation to disclose or offer such favorable terms to any other investor in the Global Vehicle, except to the extent required by the Governing Documents of the applicable Global Vehicle.

#### *Diverse Membership*

The investors in a Global Vehicle are a diverse group that have different investment programs and are subject to different legal, tax and regulatory regimes. For example, investors generally will include taxable and tax-exempt entities and will be organized in various jurisdictions. The nature and diversification of the Global Vehicle's investments, as well as the manner in which it makes, structures, holds and exits them, therefore has the potential to lead to a more favorable legal, tax or regulatory outcome for some of its investors. In selecting investments appropriate for the Global Vehicle, we generally consider the investment objectives of the Global Vehicle as a whole, not the investment objectives of any of its investors individually. To the extent we are able to structure certain investments based in part on the investors' respective legal, tax and regulatory constraints, we will not take into account such interests as they relate to each individual investor. Each investor in a Global Vehicle generally bears its share of the costs associated with a structure designed to address the concerns of other investors regardless of whether that investor itself benefitted. Notwithstanding the foregoing, due to the first-time nature of certain Global Vehicles, capital commitments to such Global Vehicles are expected to be concentrated in one or a few investors and, as a result, determinations of what is in the best interest of the Global Vehicle could more closely align with such investors as compared to the other investors. In addition, to the extent an investor is subject to statutory or other limitations on indemnification as a result of its sovereign status or otherwise, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of such indemnification amounts.

For instance, in certain circumstances, a general partner may expect to hold the investments of investors that have so elected through one or more vehicles that are treated as corporations for U.S. federal income tax purposes (each, a "Blocker"). While the use of a Blocker may provide favorable tax treatment for certain investors, such as tax-exempt or non-U.S. investors, the investment returns realized by such investors will likely be less than the returns of investors that do not hold their investment through a Blocker. In addition, in certain cases, the Global Vehicles may be required, to the extent reasonably feasible (taking into account the interests of the investors who do not elect to hold their investments through a Blocker), to cause the disposition of investments that are held in part through a Blocker through a sale of the stock of such Blocker rather than a sale of the underlying assets. The use of a Blocker may affect all of the investors and not just those

who have elected to hold their investments through a Blocker. For example, while a sale of the stock of a Blocker will likely be beneficial for the investors that have elected to hold their investments through Blockers, such sale could result in total proceeds that are lower than the proceeds that could have been generated if the Global Vehicles had sold the underlying assets and such reduction would generally be shared by all of the investors and not just those who have elected to hold their investments through a Blocker. Similarly, in certain types of transactions, such as “Up-C” transactions, certain benefits, such as tax receivable agreements, may be shared by all of the investors (including those who have elected to hold their investments through a Blocker) even if such agreements relate to benefits derived mainly from the investments held by the investors who have not elected to hold their investments through a Blocker.

To address legal, tax, regulatory, accounting or similar considerations, we expect to structure Global Vehicle investments in certain Portfolio Investments so that some (if not all) investors hold their interests through one or more AIVs. While we generally expect that the economic and other substantive provisions governing any AIV will be substantially the same as those governing the applicable Global Vehicle (taking into consideration the legal, tax, regulatory, accounting or other impetus for the AIV structure), an investor’s rights in, and the obligations and duties of the Global Vehicle’s general partner as manager of, the AIV may differ from those applicable to such Global Vehicle by virtue of the AIV’s specific terms or jurisdiction of organization. In addition, we expect the structural attributes of certain AIVs to result in divergent return characteristics for certain investors. For example, we reserve the right to elect to structure an AIV that results in favorable tax treatment for one set of investors but less favorable tax attributes for another. Furthermore, we may take steps adverse to certain investors to preserve the intended benefits of an AIV structure. For example, ownership restrictions applicable to companies in certain industries may compel us to limit a particular AIV to a certain category of investors. In these instances, we would restrict the ability of those investors to transfer their interests if doing so would jeopardize our ability to comply with the ownership restrictions.

In addition, investors in a Global Vehicle typically engage in a broad range of activities in addition to their investment in the Global Vehicle. We expect some investors could enter into various transactions relating to the Global Vehicle or its Portfolio Investments, such as co-investments alongside the Global Vehicle (see “*Allocation of Co-Investment Opportunities*”), financing transactions for the Global Vehicle or its Portfolio Investments and the acquisition of interests in Portfolio Investments from the Global Vehicle. Investors associated with corporate enterprises could enter into strategic partnerships or other similar arrangements with TPG, the Global Vehicles and/or the Global Vehicles’ Portfolio Investments, which may involve, for example, designation as a preferred provider of goods or services to any of the foregoing. So long as an investor is not otherwise our affiliate, these types of transactions generally do not require the consent of the Global Vehicle’s advisory committee or investors more generally. In connection with their investing activities, investors in the Global Vehicles in some cases also have additional access to the management of, or enhanced information rights regarding, the Global Vehicle’s Portfolio Investments or the ability to serve on or observe a Portfolio Investment’s board of directors. The Governing Documents do not prohibit a Global Vehicle from selling a Portfolio Investment to an investor in a Global Vehicle.

Investors that serve on a Global Vehicle’s advisory committee and/or the TPG NEXT Collaborative(or similar body) will have interests that differ from, or conflict with, the interests of

other investors due to different legal, tax or regulatory regimes, their interests in other Global Vehicles or their overall relationship with TPG (including direct or indirect economic interests in TPG-affiliated entities). The Governing Documents typically provide that each member of a Global Vehicle’s advisory committee and each member of the TPG NEXT Collaborative can take into consideration solely its interests in discharging its duties. Accordingly, each of the advisory committee and the TPG NEXT Collaborative can make decisions that benefit its members, the Global Vehicle or TPG, even if they are adverse to other investors in the Global Vehicle. In addition, each member of a Global Vehicle’s advisory committee and each member of the TPG NEXT Collaborative will be permitted to vote on matters even where that member is subject to a material conflict of interest, and will be under no obligation to recuse itself from voting in this situation or to disclose the conflict of interest to the other members. Similarly, investors in a Global Vehicle do not need to take into account the interests of other investors in voting on matters presented to partners more generally. In addition, we generally expect a Fund formed to invest alongside another Fund to have an advisory committee, but the advisory committee’s consent may not be sought or required in cases where the matter relates to investments the Fund has made or is making alongside the other Fund and in which the interests of the Funds are generally aligned, as we determine in our reasonable discretion.

We have entered, and expect in the future to enter, into contractual arrangements established pursuant to broader strategic relationships between selected investors including prospective investors and TPG. Each such contractual arrangement is highly customized to reflect the specific broader strategic relationship between TPG and the particular investor, and could, but may not necessarily include

- formation of dedicated vehicles;
- significant historical, pending and/or future commitments to or other participation in TPG funds or other TPG entities;
- the right to co-investment opportunities, and related economic terms, targets and remedies;
- discounted management fee, carried interest or other economic terms, targets and remedies;
- discounted management fee, carried interest or other economic arrangements;
- the ability to participate in management fees or carried interest of TPG-related vehicles, including a general partner, management company and/or other subsidiaries of the TPG Operating Group that are entitled to receive payment of management fees and carried interest from the Global Vehicles; and/or
- knowledge sharing, training and/or secondment arrangements.

As described under “*Conflicts Arising from Customized Terms Provided to Certain Investors*,” a contractual arrangement we established with an investor pursuant to a broader strategic relationship is not a “side letter” under the Governing Documents, and accordingly, investors are not entitled to disclosure or the benefits of any such contractual arrangement under the Governing Documents’ MFN clause or otherwise. We have complete discretion to determine the investors

with which we will build broader strategic relationships, and we expect to develop broader strategic relationships with investors with certain attributes even though we do not seek to establish them with other investors that have the same or similar attributes.

### *TPG NEXT Collaborative*

We expect to form a committee that will have the goal of assisting the TPG NEXT Funds in achieving their overall underrepresented manager mandate (the “TPG NEXT Collaborative”). The TPG NEXT Collaborative may also assist other Global Vehicles, including successor funds. The recommendations of the TPG NEXT Collaborative shall be advisory only (i.e., non-binding) and the TPG NEXT Collaborative shall not provide investment advice to the TPG NEXT Funds, or have any responsibility for, or involvement in, making the investment decisions of the TPG NEXT Funds, or for the management of the portfolio of the TPG NEXT Funds. We anticipate that the TPG NEXT Collaborative will be composed of representatives of investors, Senior Advisors, TPG employees and other individuals, which composition may change from time to time in our sole discretion. The composition of the TPG NEXT Collaborative shall be determined by us in its sole discretion, and the right to appoint a representative to the TPG NEXT Collaborative may be granted to one investor, or a subset of investors, and not all investors, as determined by us in our sole discretion. In connection with its activities on behalf of the TPG NEXT Collaborative, any investor with a representative appointed to the TPG NEXT Collaborative will in some cases have enhanced information rights regarding the TPG NEXT Funds, and their Portfolio Investments’ and portfolio companies’, activities. The TPG NEXT Funds will bear any expenses relating to the meetings and activities of the TPG NEXT Collaborative, however there can be no assurance that the TPG NEXT Collaborative will be successful in implementing its mandate, or that expenses incurred by the TPG NEXT Fund with respect to such activities will not be substantial.

### *TPG Information*

In connection with its services to the Global Vehicles and their investments, we, our affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of our operations, including research, due diligence, investment monitoring, operational improvements and investment activities, we and our personnel expect to receive and benefit from information, “know-how,” experience, analysis and data relating to the Global Vehicles, or Portfolio Investment operations, terms, trends, market demands, customers, vendors and other metrics (collectively, “TPG Information”). In many cases, TPG Information will include tools, procedures and resources developed by us to organize or systematize TPG Information for ongoing or future use. Although we expect the Global Vehicles and their Portfolio Investments generally to benefit from our possession of TPG Information, it is possible that any benefits will be experienced solely by other or future Global Vehicles, Portfolio Investments (or by us and our personnel) and not by a Global Vehicle or Portfolio Investment from which TPG Information was originally received.

TPG Information will be our sole intellectual property and solely for our use. We reserve the right to use, share, license, sell or monetize TPG Information, without offset to management fees, and

none of the Global Vehicles or their Portfolio Investments will receive any financial or other benefit of such use, sharing, licensure, sale or monetization.

### *Platform Companies*

At times a Global Vehicle, either directly or through a Portfolio Investment, and either alone or co-investing alongside other Global Vehicles, has the ability to establish or invest in Portfolio Investments that, in turn, seek to engage in specific business activities, such as loan origination, loan syndication, securities trading activities, hedging activities, pursuing stressed, distressed and other special opportunities and other activities, including in specific industries, asset classes or geographies. A Global Vehicle may structure these Portfolio Investments, which we refer to as “platform companies,” as operating joint ventures, holding companies, partnerships, structured finance vehicles, incubators, start-ups and other platform companies or other similar arrangements. A “platform company” may consist of a single entity or a group of entities and we have significant discretion in determining what constitutes a “platform company.” In the case where a Global Vehicle co-invests alongside another Global Vehicle, the potential for conflicts of interest may exist.

Subsequent funding of a platform company by the Global Vehicles, including to fund a new acquisition or loan or other extension by such platform company, will be considered a “follow-on investment” for purposes of the Global Vehicles even if such investment is a “new” investment for the platform company or involves capitalizing a distinct legal entity and therefore such investment may be made after the expiration or termination of the Global Vehicles’ commitment period (subject to the restrictions on follow-on investments in the Governing Documents). In certain cases we fund these companies up front and in other cases we fund them gradually over time. In the event a Global Vehicle made such an investment, we generally would expect the Global Vehicle to monetize its interest in a platform company through a sale or public offering of the platform company (or the Global Vehicle’s stake in the company) or through sales or other realizations upon the platform company’s underlying assets.

While the Global Vehicle would, by virtue of the control it exercises over a platform company, typically be involved in the strategy, governance and oversight of any platform company (and we in certain circumstances provide services to the platform company, such as legal or capital markets advice, similar to what we typically render to other Portfolio Investments), a platform company would also typically retain its own qualified management team, either internally or externally, to operate, administer and manage the company on a daily basis, including by sourcing the underlying assets. Such a management team would provide services that are similar to, and that may overlap with, services we provide to the Global Vehicle and other Global Vehicles. The structure of each platform and the engagement of personnel will vary, including whether a management team’s services are exclusive to the platform and whether the members of the management team are employed directly by the platform or indirectly through a separate management company established to manage such platform. Platform structures may change during the investments’ hold period, for instance, in connection with restructurings or dispositions or other realizations. Members of the management team may be Senior Advisors or Field Operations professionals and are permitted to render services exclusively to the platform company or provide the same or similar services to unaffiliated third parties or to other Global Vehicles or Portfolio Investments, including similar platform companies of the Global Vehicle, predecessor funds and successor funds. These

individuals are not considered to be affiliates of ours for purposes of the Global Vehicles' Governing Documents solely as a result of their role as a member of a Portfolio Investment's management team.

Platform companies compensate their management teams in a number of ways, including through annual salaries and bonuses, incentive-based compensation (such as profits interests, carried interest, equity, options and warrants), fees for services or a combination of the foregoing. In any case, the Global Vehicle would generally bear the cost of such compensation, as well as all other platform company expenses, including start-up, operating, investment sourcing and diligence and overhead expenses, through its direct or indirect interest in the platform company. Members of a platform company management team may receive separate compensation for services rendered to unaffiliated third parties or to Global Vehicles or Portfolio Investments. In addition, a platform company or its management team may receive a fee or other compensation for forwarding to unaffiliated third parties or other Global Vehicles, or their Portfolio Investments, any investment opportunity that we reasonably believe is not suitable for a Global Vehicle or such platform company (e.g., because the investment does not have a risk or return profile compatible with the Global Vehicle's investment objectives). Any compensation the management team receives, regardless of whether a Global Vehicle, Portfolio Investment or an unaffiliated third party pays, would be in addition to, and would not offset, the management fee payable by investors. Similarly, such compensation would not trigger the advisory committee disclosure, review or consent provisions of the Governing Documents applicable to transactions with affiliates.

A platform company's structure and relationship to us has the potential to create conflicts of interest. For example, although we (by virtue of our control of the Global Vehicle) would form the platform company and in doing so often determine or significantly influence the form and amount of compensation paid to a platform company's management team, the platform company (and ultimately the Global Vehicle) bears the attendant expense. The compensation of management of a platform investment may include interests in the profits of the platform investment, including profits realized in connection with the disposition of an asset. As with Senior Advisors, the close business or personal relationships that we have with certain members of management give us less incentive to limit their compensation. In addition, given that we (and not the Global Vehicle) otherwise pays the salaries of our employees, we have the incentive to cause a platform company to retain its own management team instead of relying on TPG employees to provide managerial services, or to convert existing TPG employees into members of a platform company's management team.

#### *Conflicts Arising from Strategic Business Partners*

We have also formed and expect to continue to form relationships with third-party strategic partners so that a Global Vehicle can take advantage of their expertise, often in particular industries, sectors and/or geographies. These strategic partners often have close business relationships with us and provide services that are similar to, and that may overlap with, services we provide to Global Vehicles, including originating, sourcing, conducting due diligence on or developing potential investments, as well as structuring, managing, monitoring and disposing of or otherwise realizing upon investments.

We determine the compensation of our strategic partners on a case-by-case basis, and this compensation can take the form of

- cash payments from us, a Global Vehicle or a Portfolio Investment;
- grants of carried interest generated by a Global Vehicle;
- the ability to participate in management fees or carried interest of TPG-related vehicles, including general partners, management companies, and/or other subsidiaries of the TPG Operating Group that are entitled to receive payment of management fees and carried interest from the Global Vehicles;
- stock option or equity grants in a Portfolio Investment;
- profits interests in a Portfolio Investment or holding vehicles beneath a Global Vehicle; and/or
- other similar payments from us, a Global Vehicle or a Portfolio Investment.

This creates a conflict of interest because we have an incentive to structure compensation under strategic business partnerships so that the Global Vehicle (and hence its investors) bears the costs (directly or indirectly) instead of us. In addition, as with Senior Advisors, our close business relationship with a strategic partner gives us less incentive to negotiate with that strategic partner for a lower level of compensation.

We expect to also offer strategic partners the opportunity to co-invest alongside a Global Vehicle, in some cases regardless of whether such partner played a significant role in sourcing or managing the specific investment (see “*Allocation of Co-Investment Opportunities*” above).

#### *Conflicts Arising from Interactions with Portfolio Investments*

Portfolio Investments of the Global Vehicles generally are not our affiliates for purposes of a Global Vehicle’s Governing Documents. As a result, the Governing Documents’ provisions that relate specifically to our affiliates do not apply to Global Vehicles’ Portfolio Investments or their respective management teams or employees, even if we have a significant economic interest in a Portfolio Investment and/or ultimately control it through our control of the relevant fund. For example, in the event that a Global Vehicle or one of its Portfolio Investments purchases products or services from, or otherwise enters into a transaction with a Portfolio Investment of another Global Vehicle, such transaction generally would not trigger any advisory committee disclosure, review, approval or consent or trigger other provisions of the Governing Documents typically applicable to transactions with affiliates. Also, if a Global Vehicle establishes a platform company, investment opportunities that the platform company management sources for the platform company generally will not be offered to the Global Vehicles.

Given the collaborative nature of our business (and the business of our affiliates) and the Portfolio Investments in which some Global Vehicles have invested, we from time to time recommend the services of a Portfolio Investment to other Portfolio Investments. We have a conflict of interest in making this recommendation, in that we have an incentive to maintain goodwill between ourselves



and the existing and prospective Portfolio Investments of the Global Vehicles, while it is possible that the products or services recommended are not necessarily the best available to the Portfolio Investment of the Global Vehicles or the most favorably priced.

From time to time Global Vehicles and/or certain of their Portfolio Investments have ongoing business dealings, arrangements or agreements with persons who are former employees. The Global Vehicles and/or their Portfolio Investments bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there exists a conflict of interest between ourselves and the Global Vehicles (or their Portfolio Investments) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that we will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person. Portfolio Investments of Global Vehicles also could be counterparties or participants in agreements, transactions or other arrangements with Portfolio Investments of other Global Vehicles that involve fees and/or servicing payments to us or our affiliates which are not subject to advisory fee offsets or otherwise shared with the relevant Global Vehicles.

In addition, Portfolio Investments of Global Vehicles, from time to time, make discounts and other benefits available to Global Personnel in connection with the companies' products or services. Sometimes these discounts or benefits are extended to Global Personnel in only certain roles, such as board members of the Portfolio Investment. Such benefits or discounts are not considered compensation to Global Personnel, are not considered portfolio fees and do not offset the advisory fees payable by investors in the related Global Vehicles.

Current and former officers and executives of Portfolio Investments also invest in Global Vehicles. While we believe this aligns Portfolio Investment management teams with the best interests of the Global Vehicle, we may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a Portfolio Investment in order to maintain the goodwill with such Portfolio Investment management team investor.

Furthermore, the Governing Documents could permit the Global Vehicles or any Portfolio Investment or platform investment (including any joint or co-venture or other investment program) to acquire from another Global Vehicle or any of its Portfolio Investments any exclusivity or first-look rights a co-venturer grants to the other Global Vehicle or Portfolio Investment or any investment opportunity sourced by or presented to such other Global Vehicle or Portfolio Investment, as well as any associated goodwill or intellectual property, on terms and conditions that we determine to be fair and reasonable (which typically includes paying a fee or other compensation). Furthermore, following the earlier of the end of the commitment period and the formation of any successor fund, the Governing Documents of certain Global Vehicles allow certain Global Vehicles or any Portfolio Investment or platform investment to transfer to another Global Vehicle or any of their Portfolio Investments any such rights and/or property for no consideration. Such transactions generally would not require any advisory committee disclosure, review or consent or trigger other provisions of the Governing Documents typically applicable to transactions with affiliates.

### *Conflicts Arising from Business with Certain Investors*

We have service providers, including for example, investment bankers and outside legal counsel, who are investors in Global Vehicles and/or who provide services to businesses that are our competitors. For example, we may be presented with opportunities to receive financing and/or other services in connection with a Global Vehicle's investments from certain limited partners or investors, as applicable, or their affiliates that are engaged in lending or other business. We have a conflict of interest with the Global Vehicle in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Global Vehicles or will provide us information about our competitors. There is a possibility that we, because of such belief or for other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Portfolio Investments from time to time provide services to certain Global Vehicle investors. We have an incentive to cause the Portfolio Investment to favor those investors relative to other Portfolio Investments' clients or customers in terms of pricing or otherwise, which could adversely affect the Portfolio Investment's profitability. Additionally, the Portfolio Investment could recommend to its clients or customers that they invest in a Global Vehicle.

Certain members of a Fund's advisory committee are, or in the future could be, officers or directors of, or otherwise affiliated with, limited partners of a Global Vehicle or one or more other Global Vehicles. The general partner of a Global Vehicle has the discretion to utilize the services of limited partners and their affiliates on an arm's-length basis, as it deems appropriate.

It is possible that we exercise our discretion to enter into transactions with investors in one or more Global Vehicles to dispose of all or a portion of certain investments held by one or more Global Vehicles. In exercising our discretion to select the purchaser(s) of such investments, we will consider some or all of the factors listed above under "*Allocation of Co-Investment Opportunities.*" The sales price for such transactions will be mutually agreed to by us and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by us. Although we are not obligated to solicit competitive bids for such sales transaction or to seek the highest available price (which means we may not obtain the highest price for the transaction), we will first determine that such transaction is in the best interests of the applicable Global Vehicles, taking into account the sale price and the other terms of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Global Vehicles. Any such transactions will comply with the Governing Documents of the applicable Global Vehicles.

### *Conflicts Related to Legal Counsel and Other Service Providers Engaged by Global Vehicles*

Global Vehicles often engage common legal counsel to represent all of the Global Vehicles in a particular transaction, including a transaction in which a Global Vehicle, other Global Vehicles have conflicting interests because they have invested in different securities of the company. In the event of a significant dispute or divergence of interest between a Global Vehicle, other Global Vehicles, such as in a work-out or other distressed situation, separate representation will typically

become desirable, in which case we may hire separate counsel for each of such Global Vehicles in our sole discretion, and in litigation and other circumstances, separate representation will occasionally be required. Law firms engaged to represent Global Vehicles, partners in those firms or entities affiliated with those firms may be investors in such Global Vehicle or other Global Vehicles, and may also represent one or more Portfolio Investments or limited partners of such Global Vehicle or other Global Vehicles.

#### *Conflicts Relating to Services Provided by Related Persons*

From time to time we, in our discretion, contract with related persons (including a Portfolio Investment of a Global Vehicle or a family member of Global Personnel) to perform services (including brokerage services) for us in connection with our provision of services to the Global Vehicles. When engaging a related person to provide such services, we will generally have a financial, personal or other business incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

From time to time we, in our discretion, recommend to a Global Vehicle or one of its Portfolio Investments that it contract for services or, in providing services to a Global Vehicle, directly engage with

- a related person of ours (including a Portfolio Investment of a Global Vehicle); or
- an entity or person with which or whom we or Global Personnel have a relationship or from which or whom we or Global Personnel otherwise derive financial, personal or other benefit.

When making such a recommendation, it is possible that we or Global Personnel, because of our financial, personal or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Global Personnel have family members that are actively involved in industries and sectors in which the Global Vehicles invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies that are actual or potential investments of the Global Vehicles or other counterparties of the Global Vehicles and their Portfolio Investments. Moreover, in certain instances, the Global Vehicles or the Portfolio Investment may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. The fees for services provided by such service providers may or may not be at the same rate charged by other third-party service providers and we are not required to select service providers who may have lower rates (or to engage in any benchmarking of such fees). In most of these circumstances, the Global Vehicles' Governing Documents will not preclude Global Vehicles from undertaking any of these investment activities or transactions.

### *Conflicts Related to Strategic Transactions*

TPG is a broad-based alternative investment platform that may engage in strategic transactions, including the investment in, acquisition of, or combination with, other investment platforms for any reason, including those that currently or may in the future sponsor, manage or advise funds, vehicles or accounts with investment mandates that are the same as, or similar to, the Global Vehicles' investment mandates. In determining whether to pursue or engage in any strategic transaction, we are entitled to consider only the interests and factors that we desire, including our own interests. Except as expressly set forth in the Governing Documents, nothing prohibits, restricts or otherwise limits us in any way from pursuing or engaging in any strategic transaction or operating any such investment platform following any such acquisition or combination, including continuing or expanding the business and operations of such investment platform or any fund, vehicle or account sponsored, managed or advised thereby. Such strategic transactions and the continued operations of any such investment platform may result in the re-allocation of the time and attention of our personnel (either on a temporary or permanent basis), including to the detriment of the Global Vehicles, or the allocation of investment, sale or other exit opportunities or liquidity options which otherwise would be allocated to or benefit the Global Vehicles to instead be allocated to or benefit any such funds, vehicles or accounts, and will otherwise give rise to the same conflicts of interest that may arise among the Global Vehicles as described herein. To the maximum extent not prohibited by applicable law, neither we nor any of our affiliates will have any obligation to give any consideration to any interest of or factor affecting the Global Vehicles in connection with any such transaction (e.g., whether a Global Vehicle would otherwise be interested in pursuing such transaction or whether such transaction involves funds, vehicles or accounts with investment mandates that are the same as, or similar to, a Global Vehicle's investment mandate).

Since the general partner of the Global Vehicle is under common control with us and we each would likely have a financial interest in the consummation of any such transaction that is different from the interests of the Global Vehicle or its limited partners, the general partner of the Global Vehicle will likely have a conflict of interest in making this determination. Pursuant to the Governing Documents, the general partner of the Global Vehicle is under no obligation to seek approval from the Global Vehicle's limited partners as to any such consent, and the limited partners will not have the right to remove the general partner or cause the Global Vehicle to terminate the Advisory Services Agreement, transfer their interests or otherwise exit the Global Vehicle, or exercise any other rights or remedies (other than those that are explicitly provided in the Global Vehicle's Governing Documents).

### *Conflicts Arising in Respect of Alignment of Interest*

A number of persons hold direct or indirect equity and other economic interests in TPG, including in our holding structures and certain other subsidiaries or vehicles that we control. On January 18, 2022, the Public Company completed an initial public offering. We are a subsidiary of TPG Operating Group, which is indirectly controlled by the Public Company. The officers, directors, members, managers and personnel of TPG, including certain key persons, can be expected to take into account certain considerations and other factors in connection with the management of the business and affairs of the Global Vehicles and their affiliates that would not necessarily be taken into account if we were not under the control of a publicly listed company, and certain of them

have fiduciary duties to shareholders of the Public Company that could conflict with their duties to the Global Vehicles. For example, although TPG believes its reputation in the marketplace will provide a benefit to the Global Vehicles, we could decline to undertake investment activity or transact with a counterparty on behalf of the Global Vehicles for reputational reasons, and these decisions could result in the Global Vehicles forgoing a profit or suffering a loss. For additional information regarding the Public Company, please refer to its public filings, which may be accessed through the web site of the SEC ([www.sec.gov](http://www.sec.gov)) or TPG (<https://shareholders.tpg.com>). Similarly, we have permitted and reserve the right to permit third-party investors (including certain Global Investors in consideration of a capital commitment to a Global Vehicle) to hold material direct or indirect equity and/or debt interests in, participate in fees and/or carried interest of or provide other forms of financing to, other TPG-related vehicles, in each case, including the general partners, management companies and/or other subsidiaries of TPG Operating Group that are entitled to receive payment of management fees and carried interest from a Global Vehicle as well as entities we form to exercise our rights or discharge our obligations under the Governing Documents. This includes debt financing that is recourse to TPG and/or its employees as well as non-recourse debt, such as a securitization structure. TPG and/or its employees could also, but are not required to, participate in such vehicles by holding direct or indirect equity and/or debt interests. Any of the foregoing vehicles could be used to fund TPG's capital commitments to Global Vehicles, including the required minimum commitment as well as any additional commitments permitted following the end of the fundraising period. These practices could have the effect of reducing the amount of management fees and carried interest received directly or indirectly by TPG Operating Group and/or the management companies and the general partners (including carried interest received by persons responsible for operating a Global Vehicle) and/or the amount of capital contributed or remaining at risk by persons responsible for operating the Global Vehicles, and lessening the alignment of interests between such persons and the investors in such Global Vehicles.

#### *Conflicts Related to the Valuation of Assets*

We generally determine, in our discretion, the fair value of each Global Vehicle's assets on a quarterly basis. While we follow rigorous valuation methodologies and procedures that are designed to ensure that our fair value determinations are strictly the product of the application of U.S. generally accepted accounting principles ("U.S. GAAP"), we have incentives (and thus a potential conflict of interest) to arrive at higher valuations. First, when we determine that the fair value of an investment by certain Global Vehicles is less than the capital contributions made with respect to it, we are obligated under the relevant Governing Documents to write down the asset. Depending on the extent of the write-down, it is possible that the Global Vehicle will need to receive proceeds in the amount of the write down before its general partner could begin to receive carried interest. A decision not to write down an investment would avoid this negative impact on the amount of carried interest due to the general partner. Second, the rate of carried interest allocated to the general partners of certain Global Vehicles depends on whether the Global Vehicle achieves a certain multiple-of-money or rate of return. Higher valuations could facilitate the Global Vehicle's achievement of a multiple-of-money or rate of return that would result in the receipt by the corresponding general partner of a greater amount of carried interest than if the valuations were lower. Third, we will regularly report to investors in the Global Vehicles, prospective investors and the investor community more generally metrics of the Global Vehicles' performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Global

Vehicles' investments, including unrealized investments. For example, investors may receive annual audited financial statements, quarterly unaudited financial statements and other communications, such as updates at our investors' conferences, that reflect our valuations. These reports are an indication of the overall health of the Global Vehicles and are important to our efforts to attract investors to Global Vehicles. An objective of our valuation methodologies and procedures is to eliminate any influence these incentives can have on our fair value determinations.

Our valuations will be based to a large extent on our estimates, comparisons and qualitative evaluations of private information (including information from Portfolio Investments), which can be incomplete or inaccurate. It is possible investors therefore will not be able to replicate our methodology or to value accurately the Global Vehicles' investments. The amount of judgment and discretion inherent in valuing assets renders valuations uncertain and susceptible to material fluctuations over possibly short periods of time; substantial write-downs and earnings volatility are possible. Valuations are inherently subjective in certain respects and rely on a variety of assumptions, including assumptions about projected cash flows for the remaining holding periods for the investments, market conditions at the time of such valuation and/or any anticipated disposition of the investments, legal and contractual restrictions on transfers that would limit liquidity, and any transaction costs related to, and the timing and manner of, any anticipated disposition or realization of the investments, which could differ from the assumptions and circumstances on which the valuations are based. Accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered in the context of a valuation. Our determination of an investment's fair value may differ materially from the value that would have been determined if a ready market for the securities or property or other investments had existed and the valuations the general partners of other funds or other third parties ascribe to the same investment. Our valuation of an investment at a measurement date could also differ materially from the value that is obtained upon the investment's exit.

We may permit deviations from U.S. GAAP and/or a Global Vehicle's written valuation policies and procedures where they consider it to be appropriate, acting always in accordance with applicable, laws, regulations and rules applicable to each Global Vehicle.

#### *Conflicts Relating to Fee Structure and Carried Interest*

Certain Global Vehicles have fixed investment periods after which capital is only permitted to be drawn down in limited circumstances, and advisory fees are, at certain times during the life of those Global Vehicles, based upon capital invested by the Global Vehicles. This fee structure creates an incentive to defer the realization of investments and/or deploy capital when we would not otherwise have done so.

See also "*Item 6 – Performance-Based Fees and Side-by-Side Management*" for a description of the other conflicts that arise as a result of the methodology for determining the amount of carried interest earned by the general partner of a Global Vehicle.

### *Conflicts Relating to Portfolio Fees*

As described in Item 5 above, the TPG Management Companies will often perform certain services for, and, consistent with the Governing Documents, will receive fees or reimbursements from, actual or prospective Portfolio Investments or other investment vehicles of the Global Vehicles. Such fees will be in addition to any advisory fees or carried interest the Global Vehicles pay us. This creates a conflict of interest between the TPG Management Companies and the Global Vehicles and their investors because the amounts of these fees and reimbursements are often substantial and the Global Vehicles and, except in connection with the reductions described below, their investors generally do not have an interest in these fees and reimbursements. We generally determine the amount of these portfolio fees and reimbursements in our own discretion, subject to agreements with sellers, buyers, management teams, the boards of directors of or lenders to Portfolio Investments and/or third-party co-investors. There are also circumstances (such as the occurrence of an initial public offering or a sale where the Global Vehicle maintains a material interest) that will accelerate the payment of a portion of such fees or otherwise result in the payment of other exit, performance-based or termination fees, which may have an adverse impact on the Portfolio Investments.

Although these portfolio fees are in addition to the advisory fees, the TPG Management Companies will in many circumstances be obligated to reduce the amount of advisory fees paid by the applicable Global Vehicle by an amount equal to all or a portion of such portfolio fees. The specific amount and nature of this reduction varies among Global Vehicles and is generally set forth in the Governing Documents of the applicable Global Vehicle. Entities other than Global Vehicles that participate in investments alongside the Global Vehicles (such as entities through which we and certain of our employees and affiliates invest alongside the Global Vehicles) often have a right to share in such fees, and advisory fees will generally not be reduced in connection with the receipt of such entities' share of such fees. In many cases with respect to the implementation of such arrangements, there is not an independent third party involved on behalf of the relevant Portfolio Investment and therefore the fees are not subject to a market check. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the Portfolio Investment by virtue of the fact that we are acting on behalf of both parties. Furthermore, as noted above, a Global Vehicle will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee allocable to another entity, including, if applicable, a Co-Investment Vehicle. As some Global Vehicles do not pay advisory fees (e.g., certain Co-Investment Vehicles), or do not have offset provisions requiring the reduction of advisory fees, any such reduction will not benefit such Global Vehicles.

### *Conflicts Related to the Employee Retirement Income Security Act of 1974*

Although Global Vehicles are not currently expected to hold "plan assets" subject to ERISA, one or more Global Vehicles may, from time to time, hold "plan assets" subject to ERISA. If a Global Vehicle holds "plan assets" subject to ERISA, we and certain related entities would be classified as "fiduciaries" under ERISA with respect to the plan assets of such vehicles when acting on behalf of such vehicles. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, in the event a Global Vehicle holds "plan assets" subject to ERISA, such Global Vehicle may be prohibited from entering into certain transactions if the investment would violate ERISA with respect to such Global Vehicle, or may be obligated

to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such Global Vehicle.

#### *Conflicts Related to the Hiring of Asset Managers or Servicers*

The general partner of a Global Vehicle will from time to time hire asset managers, servicers or other strategic counterparties (collectively, “Servicers”), including affiliates of ours or the general partner (or entities in which affiliates of ours or the general partner have an interest or a right to acquire an interest), to provide asset management, sourcing, due diligence, underwriting, loan and other asset servicing, accounting, operational or other services with respect to Portfolio Investments. The fees to be paid to the Servicer are determined at the discretion of the general partner taking into account the assets to be governed by such agreement, may include a profits interest or other incentive-based compensation to the Servicer, and are otherwise determined according to one or more methods, including a percentage of the value of the assets being serviced or the invested capital exposed to such assets, and/or a percentage of cash flows from such assets. In the event one or more Servicers is providing services to multiple Global Vehicles, we will allocate such fees among these Global Vehicles in a manner we deem fair and equitable, in our sole discretion. To the extent any such fees are payable to an affiliated Servicer, such fees will not reduce any fees otherwise payable to us or our affiliates and, other than fees payable as disclosed in a Global Vehicle’s Governing Documents, will require approval of the Global Vehicle’s advisory committee. Our affiliates or those of the general partner will benefit from these arrangements.

#### *Conflicts Arising from the Exit of Certain Investments*

The general partner of a Global Vehicle, or its affiliates, from time to time receives distributions in kind from an investment disposition. In the event the general partner, or its affiliates, receives such a distribution, the general partner may act in its own interest with respect to its share of securities and will determine to sell the distributed securities, or hold the distributed securities for such time as the general partner will determine. The ability of a Global Vehicle’s general partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the general partner or affiliate, as an adviser to the Global Vehicle, and the Global Vehicle and its investors. This conflict may be exacerbated due to the enhanced knowledge and information the general partner has relative to the limited partners with respect to such securities.

#### *Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements*

The Governing Documents, subscription agreements, management agreements and other constitutional documents of each Global Vehicle and related documents are detailed agreements that establish complex arrangements among us, the limited partners, the Global Vehicle, the general partner and other entities and individuals.

Questions arise under these agreements regarding the parties’ rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements’ drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While we will construe the relevant



agreements in our good faith (it being understood that references to “good faith” in the applicable Governing Documents refer to our subjective good faith) and in a manner consistent with our legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations we adopt will not necessarily be, and need not be, the interpretations that are the most favorable to the Global Vehicles or their investors.

#### *Conflicts Related to the Withholding of Certain Information*

The Governing Documents of certain Global Vehicles generally permit each such Global Vehicle’s general partner to withhold information from certain limited partners or investors in such Global Vehicle in certain circumstances. For instance, information will at times be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner will also from time to time elect to withhold certain information to such limited partners for reasons relating to the general partner’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

#### Potential Conflicts of Interest – RE Finance Trust Management

The material conflicts of interest that TRTX encounters include those discussed below, although the discussion below does not necessarily describe all of the conflicts that TRTX potentially faces. Other conflicts are disclosed throughout this brochure, which should be read in its entirety.

*Management and Incentive Fees.* Our fee structure may not create proper incentives or may induce us and our affiliates to make certain loans or other investments, including speculative investments, which increase the risk of TRTX’s portfolio. TRTX pays us base management fees regardless of the performance of our portfolio. Our entitlement to base management fees, which are not based solely upon performance metrics or goals, might reduce our incentive to devote our time and effort to seeking loans or other investments that provide attractive risk-adjusted returns for TRTX’s stockholders. Because the base management fees are also based in part on TRTX’s outstanding equity, we may also be incentivized to advance strategies that increase TRTX’s equity, and there may be circumstances where an increase in equity will not optimize the returns for its stockholders. Consequently, TRTX is required to pay us base management fees in a particular period despite experiencing a net loss or a decline in the value of TRTX’s portfolio during that period.

In addition, we have the ability to earn incentive compensation each quarter, which may create an incentive for us to invest in assets with higher yield potential, which are generally riskier or more speculative, or sell an asset prematurely for a gain, in an effort to increase short-term net income and thereby increase the incentive compensation to which we are entitled. This could result in increased risk to TRTX’s investment portfolio. If TRTX’s interests and our interests are not aligned, the execution of TRTX’s business plan could be adversely affected.

*Other Activities of Other Funds.* We may compete with other existing and future Global Vehicles, which may present various conflicts of interest that restrict TRTX’s ability to pursue certain investment opportunities or take other actions that would be beneficial to its business and result in decisions that are not in the best interests of TRTX’s stockholders. We are subject to conflicts of interest arising out of our relationship with TPG. Three of seven TRTX directors are employees of TPG. In addition, its chief financial and risk officer and our other executive officers are also

employees of TPG, and we, the advisor, are a TPG affiliate. There is no guarantee that the policies and procedures adopted by us, the terms and conditions of the Advisory Services Agreement between TRTX and the advisor or the policies and procedures adopted by us, TPG and our affiliates, as the case may be, will enable TRTX us to identify, adequately address or mitigate these conflicts of interest. Further, pursuant to the terms of the Advisory Services Agreement, we are required to keep our board of directors reasonably informed on a periodic basis in connection with the foregoing. With regard to certain transactions we are required to provide our board of directors with quarterly updates in respect of such transactions.

Pursuant to the terms of the Advisory Services Agreement, TRTX acknowledged and agreed that

- as part of TPG's regular businesses, our personnel and personnel of our affiliates may from time to time work on other projects and matters (including with respect to one or more other Global Vehicles), and that conflicts may arise with respect to the allocation of personnel between TRTX and one or more other Global Vehicles and/or such other affiliates,
- there may be circumstances where investments that are consistent with TRTX's investment guidelines may be shared with or allocated to (in lieu of TRTX) one or more other Global Vehicles in accordance with TPG's allocation policy (as described below),
- Other Global Vehicles may invest, from time to time, in investments in which TRTX may also invest (including at different levels of an issuer's or borrower's capital structure (for example, an investment by another Global Vehicle in an equity or mezzanine interest with respect to the same portfolio entity in which TRTX owns a debt interest or vice versa) or in a different tranche of debt or equity with respect to an entity in which TRTX has an interest) and while TPG will seek to resolve any such conflicts in a fair and equitable manner in accordance with TPG's allocation policy and its prevailing policies and procedures with respect to conflicts resolution among other Global Vehicles generally, such transactions are not required to be presented to TRTX's board of directors or any committee thereof for approval (unless otherwise required by TRTX's investment guidelines), and there can be no assurance that any such conflicts will be resolved in TRTX's favor,
- we and our affiliates may from time to time receive fees from portfolio entities or other issuers for the arranging, underwriting, syndication or refinancing of investments or other additional fees, including acquisition fees, loan servicing fees, special servicing fees, administrative fees or advisory or asset management fees, including with respect to other Global Vehicles and related portfolio entities, and while such fees may give rise to conflicts of interest, TRTX will not receive the benefit of any such fees, and
- the terms and conditions of the governing agreements of such other Global Vehicles (including with respect to the economic, reporting and other rights afforded to investors in such other Global Vehicles) are materially different than the terms and conditions applicable to TRTX and its stockholders, and neither TRTX nor any of its stockholders (in such capacity) will have the right to receive the benefit of any such different terms and

conditions applicable to investors in such other Global Vehicles as a result of an investment in TRTX or otherwise.

Included below is additional detail regarding certain of these conflicts of interest that may arise by virtue of TRTX's relationship with us and our affiliates.

*Allocation of Investment Opportunities.* The Advisory Services Agreement expressly provides that it does not

- prevent us or any of our affiliates, officers, directors or employees from engaging in other businesses or from rendering services of any kind to any other person or entity, whether or not the investment objectives or policies of any such other person or entity are similar to those of ours, including the sponsoring, closing and/or managing of any other Global Vehicle that employs investment objectives or strategies that overlap, in whole or in part, with TRTX's investment guidelines,
- in any way restrict or otherwise limit us or any of our affiliates, officers, directors or employees from buying, selling or trading any securities or commodities for their own accounts or for the account of others for whom we or any of our affiliates, officers, directors or employees may be acting, or
- prevent us or any of our affiliates from receiving fees or other compensation or profits from activities described in the two preceding clauses, which will be for our (and/or our affiliates') sole benefit.

However, for so long as the Advisory Services Agreement is in effect and we are controlled by TPG, neither we nor TPG Real Estate Management, LLC, which is the manager of TPG Real Estate Partners, will directly or indirectly form any other public vehicle in the United States whose strategy is to primarily originate, acquire and manage performing commercial mortgage loans.

The Advisory Services Agreement expressly acknowledges that, while information and recommendations supplied to TRTX will, in our reasonable and good faith judgment, be appropriate under the circumstances and in light of our investment guidelines and investment objectives and policies, such information and recommendations may be different in certain material respects from the information and recommendations supplied by us or any of our affiliates to others (including, for greater certainty, the other Global Vehicles and their investors, as described below). In addition, as acknowledged in the Advisory Services Agreement, (1) our affiliates sponsor, advise and/or manage one or more other Global Vehicles and may in the future sponsor, advise and/or manage additional Global Vehicles and (2) to the extent any other Global Vehicles have investment objectives or guidelines that overlap with TRTX's, in whole or in part, then, pursuant to TPG's allocation policy, investment opportunities that fall within such common objectives or guidelines will generally be allocated among TRTX and one or more of such other Global Vehicles on a basis that we and applicable TPG affiliates determine to be fair and reasonable in their sole discretion, subject to the following considerations:

- TRTX's and the other relevant Global Vehicles' investment focuses and objectives;

- the professionals who sourced the investment opportunity;
- the professionals who are expected to oversee and monitor the investment;
- the expected amount of capital required to make the investment, as well as TRTX's and the other relevant Global Vehicles' current and projected capacity for investing (including for any potential follow-on investments);
- TRTX's and the other relevant Global Vehicles' targeted rates of return and investment holding periods;
- the stage of development of the prospective Portfolio Investment or borrower;
- TRTX's and the other relevant Global Vehicles' respective existing portfolio of investments;
- the investment opportunity's risk profile;
- TRTX's and the other relevant Global Vehicles' respective expected life cycles;
- any investment targets or restrictions (e.g., industry, size, etc.) that apply to TRTX and the other relevant Global Vehicles;
- TRTX's ability and the ability of the other relevant Global Vehicles to accommodate structural, timing and other aspects of the investment process; and
- legal, tax, contractual, regulatory or other considerations that we and applicable TPG affiliates deem relevant.

Pursuant to the terms of the Advisory Services Agreement, and subject to applicable law, we are not permitted to consummate on TRTX's behalf any transaction that involves the sale of any investment to, or the acquisition of any investment or receipt of any financing from, TPG, any other Global Vehicle or any of their affiliates unless such transaction

- is on terms no less favorable to TRTX than could have been obtained on an arm's length basis from an unrelated third party and
- has been approved in advance by a majority of TRTX's independent directors.

In addition, pursuant to the terms of the Advisory Services Agreement, it is agreed that we will seek to resolve any conflicts of interest in a fair and equitable manner in accordance with TPG's allocation policy and its prevailing policies and procedures with respect to conflicts resolution among other Global Vehicles generally, but only those transactions referred to in this paragraph will be expressly required to be presented for approval to TRTX's independent directors or any committee thereof (unless otherwise required by our investment guidelines). Pursuant to the terms of the Advisory Services Agreement, at the reasonable request of TRTX's board of directors, we will review TPG's allocation policy with TRTX's board of directors and respond to reasonable

questions regarding TPG's allocation policy as it relates to services under the Advisory Services Agreement. We will promptly provide TRTX's board of directors with a description of any material amendments, updates or revisions to TPG's allocation policy.

TRTX's charter provides that, if any TPG Director/Officer acquires knowledge of a potential business opportunity, TRTX renounces, on its behalf and on behalf of its subsidiaries, any potential interest or expectation in, or right to be offered or to participate in, such business opportunity to the maximum extent permitted from time to time by Maryland law. Accordingly, to the maximum extent permitted from time to time by Maryland law,

- no TPG Director/Officer is required to present, communicate or offer any business opportunity to TRTX or any of its subsidiaries and
- the TPG Director/Officer, on his or her own behalf or on behalf of TPG, will have the right to hold and exploit any business opportunity, or to direct, recommend, offer, sell, assign or otherwise transfer such business opportunity to any person or entity other than TRTX.

As described herein, TPG's founders and certain other senior personnel have established family offices (each, a "Family Office" and collectively the "Family Offices") to provide investment advisory and other services to their respective family accounts (including certain charitable accounts) in connection with their personal investment activities. Certain firms considered Family Offices for this purpose may also provide services to other third party clients. The investment activities of the Family Offices and the involvement of TPG's founders and other senior personnel in these activities give rise to potential conflicts between the personal financial interests of such personnel and the interests of TRTX. For example, a Family Office could make an investment that falls within TRTX's investment objectives, could invest in a company in which TRTX also holds an interest (which may be at a different level of the company's capital structure), could invest in a company that competes or has another business relationship with a Portfolio Investment of TRTX, or could otherwise engage in an activity that would be inconsistent with the interests of TPG, TRTX, or a Portfolio Investment. We apply certain procedures designed to seek to mitigate certain of these potential conflicts of interest but there can be no assurances that such procedures reduce or eliminate such conflicts of interest.

*Investments in Different Levels or Classes of an Issuer's Securities.* TRTX and the other Global Vehicles may make investments at different levels of an issuer's or borrower's capital structure (for example, an investment by a Global Vehicle in an equity or mezzanine interest with respect to the same portfolio entity in which TRTX owns a debt interest or vice versa) or in a different tranche of debt or equity with respect to an entity in which TRTX has an interest. TRTX may make investments that are senior or junior to, or have rights and interests different from or adverse to, the investments made by the other Global Vehicles. Such investments may conflict with the interests of such other Global Vehicles in related investments, and the potential for any such conflicts of interests may be heightened in the event of a default or restructuring of any such investments. Actions may be taken for the other Global Vehicles that are adverse to TRTX, including with respect to the timing and manner of sale and actions taken in circumstances of financial distress. In addition, in connection with such investments, TPG will generally seek to implement certain procedures to mitigate conflicts of interest which typically involve maintaining a non-controlling interest in any such investment and a forbearance of rights, including certain

non-economic rights, relating to the other Global Vehicles, such as where TPG may cause TRTX to decline to exercise certain control- and/or foreclosure-related rights with respect to a portfolio entity (including following the vote of other third-party lenders generally or otherwise recusing itself with respect to decisions), including with respect to defaults, foreclosures, workouts, restructurings and/or exit opportunities, subject to certain limitations. The Advisory Services Agreement requires us to keep TRTX's board of directors reasonably informed on a periodic basis in connection with the foregoing, including with respect to transactions that involve investments at different levels of an issuer's or borrower's capital structure, as to which we have agreed to provide TRTX's board of directors with quarterly updates. While we will seek to resolve any conflicts in a fair and equitable manner with respect to conflicts resolution among TRTX and the other Global Vehicles generally, such transactions are not required to be presented to the TRTX board of directors for approval, and there can be no assurance that any such conflicts will be resolved in TRTX's favor.

*Co-Investments with Global Vehicles.* TRTX may co-invest together with the Global Vehicles in some of TRTX's investment opportunities. In such circumstances, the size of the investment opportunity otherwise available to TRTX may be less than it would otherwise have been, and TRTX may participate in such opportunities on different and potentially less favorable economic terms than such parties if we deem such participation as being otherwise in TRTX's best interests. Furthermore, when Global Vehicles have interests or requirements that do not align with our interests, including differing liquidity needs or desired investment horizons, conflicts may arise in the manner in which any voting or control rights are exercised with respect to the relevant investment, potentially resulting in an adverse impact on TRTX.

*Assignment and Sharing or Limitation of Rights.* TRTX may invest alongside other Global Vehicles and in connection therewith may, for legal, tax, regulatory or other reasons which may be unrelated, share with or assign to such other Global Vehicles certain of its rights, in whole or in part, or agree to limit its rights, including in certain instances certain control- and/or foreclosure-related rights with respect to such shared investments and/or otherwise agree to implement certain procedures to ameliorate conflicts of interest which may in certain circumstances involve a forbearance of its rights. Such sharing or assignment of rights could make it more difficult for TRTX to protect its interests and could give rise to a conflict (which may be exacerbated in the case of financial distress) and could result in a Global Vehicle exercising such rights in a way that is adverse to TRTX.

*Providing Debt Financings in connection with Acquisitions by Third Parties of Assets Owned by Other Funds.* TRTX may provide financing (1) as part of the bid or acquisition by a third party to acquire interests in (or otherwise make an investment in the underlying assets of) a portfolio entity owned by one or more other Global Vehicles or their affiliates of assets and/or (2) with respect to one or more portfolio entities or borrowers in connection with a proposed acquisition or investment by one or more other Global Vehicles or their affiliates relating to such portfolio entities and/or their underlying assets. This may include making commitments to provide financing at, prior to or around the time that any such purchaser commits to or makes such investments. TRTX may also make investments and provide debt financing with respect to portfolio entities in which other Global Vehicles and/or their affiliates hold or propose to acquire an interest. While the terms and conditions of any such debt commitments and related arrangements will generally be on market terms, the involvement of TRTX and/or such other Global Vehicles or their affiliates in such

transactions may affect the terms of such transactions or arrangements and/or may otherwise influence our decisions with respect to the management of TRTX and/or TPG's management of such other Global Vehicles and/or the relevant portfolio entity, which will give rise to potential or actual conflicts of interests and which may adversely impact TRTX.

*Pursuit of Differing Strategies.* TPG and we may determine that an investment opportunity may not be appropriate for TRTX but may be appropriate for one or more of the other Global Vehicles, or may decide that TRTX and certain of the other Global Vehicles should take differing positions with respect to a particular investment. In these cases, TPG and we may pursue separate transactions for TRTX and one or more other Global Vehicles. This may affect the market price or the terms of the particular investment or the execution of the transaction, or both, to the detriment or benefit of TRTX and one or more other Global Vehicles. For example, a TPG investment manager may determine that it would be in the interest of another Global Vehicle to sell a security that TRTX holds long, potentially resulting in a decrease in the market price of the security held by TRTX.

*Variation in Financial and Other Benefits.* A conflict of interest arises where the financial or other benefits available to us or our affiliates differ among TRTX and the other Global Vehicles that we manage. If the amount or structure of the base management fees, incentive compensation and/or our or our affiliates' compensation differs among TRTX and the other Global Vehicles (such as where certain other Global Vehicles pay higher base management fees, incentive compensation, performance-based base management fees or other fees), we or our affiliates might be motivated to help such other Global Vehicles over TRTX. Similarly, the desire to maintain assets under management or to enhance our or our affiliates' performance records or to derive other rewards, financial or otherwise, could influence us or our affiliates in affording preferential treatment to other Global Vehicles over TRTX. We may, for example, have an incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor such other Global Vehicles. Additionally, we might be motivated to favor other Global Vehicles in which it has an ownership interest or in which TPG has ownership interests. Conversely, if an investment professional of ours does not personally hold an investment in TRTX but holds investments in other Global Vehicles, such investment professional's conflicts of interest with respect to TRTX may be more acute.

*Underwriting, Advisory and Other Relationships.* As noted above under "Item 10 – Other Financial Industry Activities and Affiliations," we have affiliates that provide a broad range of underwriting, investment banking, placement agent and other services. In connection with selling investments by way of a public offering, a TPG broker-dealer has in the past and may again in the future act as the managing underwriter or a member of the underwriting syndicate on a firm commitment basis and purchase securities on that basis. TPG may retain any commissions, remuneration or other profits and receive compensation from such underwriting activities, which have the potential to create conflicts of interest. TPG may also participate in underwriting syndicates from time to time with respect to TRTX or Portfolio Investments of other Global Vehicles, or may otherwise be involved in the private placement of debt or equity securities issued by TRTX or such Portfolio Investments, or otherwise in arranging financings with respect thereto. Subject to applicable law, TPG has in the past and may again in the future receive underwriting fees, placement commissions or other compensation with respect to such activities, which were not and will not be shared with TRTX or its stockholders. Where TPG serves as underwriter with

respect to a Portfolio Investment's securities, TRTX or the applicable Global Vehicle holding such securities may be subject to a "lock-up" period following the offering under applicable regulations during which time our ability to sell any securities that we continue to hold is restricted. This may prejudice our ability to dispose of such securities at an opportune time.

TPG has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on TRTX's behalf, we may consider those relationships (subject to our obligations under the Advisory Services Agreement), which may result in certain transactions that we would not otherwise undertake or refrain from undertaking on TRTX's behalf in view of such relationships.

*Service Providers.* Certain of TRTX's or our service providers or their affiliates (including administrators, lenders, brokers, attorneys, consultants and investment banking or commercial banking firms) also provide goods or services to, or have business, personal or other relationships with, TPG. Such service providers may be sources of investment opportunities, co-investors or commercial counterparties or Portfolio Investments of other Global Vehicles. Such relationships may influence us in deciding whether to select such service providers. In certain circumstances, service providers or their affiliates may charge different rates or have different arrangements for services provided to TPG or other Global Vehicles as compared to services provided to TRTX, which in certain circumstances may result in more favorable rates or arrangements than those payable by, or made with, TRTX. In addition, in instances where multiple TPG businesses may be exploring a potential individual investment, certain of these service providers may choose to be engaged by TPG rather than TRTX.

*Material, Non-Public Information.* TRTX, directly or through us or our affiliates, may come into possession of material non-public information with respect to an issuer or borrower in which TRTX has invested or may invest. Should this occur, we may be restricted from buying or selling securities, derivatives or loans of the issuer or borrower on TRTX's behalf until such time as the information becomes public or is no longer deemed material. Disclosure of such information to the personnel responsible for management of our business may be on a need-to-know basis only, and TRTX may not be free to act upon any such information. Therefore, TRTX and we may not have access to material non-public information in the possession of TPG which might be relevant to an investment decision to be made by us on TRTX's behalf, and we may initiate a transaction or purchase or sell an investment, which, if such information had been known to us, may not have been undertaken. Due to these restrictions, we may not be able to initiate a transaction on TRTX's behalf that we otherwise might have initiated and may not be able to purchase or sell an investment that we otherwise might have purchased or sold, which could negatively affect TRTX.

*Possible Future Activities.* We and our affiliates may expand the range of services that we provide over time. Except as and to the extent expressly provided in the Advisory Services Agreement, we and our respective affiliates will not be restricted in the scope of our businesses or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. We and our affiliates continue to develop relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by TRTX. These



clients may themselves represent appropriate investment opportunities for TRTX or may compete with TRTX for investment opportunities.

*Transactions with Other Funds.* From time to time, TRTX may enter into purchase and sale transactions with other Global Vehicles. Such transactions will be conducted in accordance with, and subject to, the terms and conditions of the Advisory Services Agreement (including the requirement that sales to, or acquisitions of investments or receipt of financing from, TPG, any Global Vehicle or any of their affiliates be approved in advance by a majority of TRTX's independent directors) and TRTX's code of business conduct and ethics and applicable laws and regulations.

*Loan Refinancing.* TRTX may from time to time seek to participate in investments relating to the refinancing of loans held by other Global Vehicles. While it is expected that TRTX's participation in connection with such refinancing transactions will be at arms' length and on market/contract terms, such transactions may give rise to potential or actual conflicts of interest.

*Strategic Transactions.* TPG may enter into one or more strategic relationships in certain geographical regions or with respect to certain types of investments that, although intended to provide greater opportunities for TRTX, may require TRTX to share such opportunities or otherwise limit the amount of an opportunity it can otherwise take.

Further conflicts could arise once TRTX and TPG have made their respective investments. For example, if a company goes into bankruptcy or reorganization, becomes insolvent or otherwise experiences financial distress or is unable to meet its payment obligations or comply with covenants relating to securities held by TRTX or by TPG, TPG may have an interest that conflicts with TRTX's interests or TPG may have information regarding the company that TRTX does not have access to. If additional financing is necessary as a result of financial or other difficulties, it may not be in TRTX's best interests to provide such additional financing. If TPG were to lose investments as a result of such difficulties, our ability to recommend actions in TRTX's best interests might be impaired.

#### Potential Conflicts of Interest – TPEP Vehicles

The material conflicts of interest that a TPEP Vehicle encounters include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a TPEP Vehicle potentially faces. Other conflicts are disclosed throughout this brochure, which should be read in its entirety.

#### *Conflicts Arising Generally from the Investment Activities of Other Funds*

TPG is one of the largest diversified alternative asset management firms in the world and engages in a broad range of investment activities. The investment opportunities pursued by (and in some cases required to be offered to) the other Funds involve both public and private companies across the globe, in nearly every industry and in various stages of development. The TPEP Vehicles will face trading and other restrictions as a result of the activities of other Global Vehicles, as described below. These restrictions could limit our ability to make investments we identify as promising, dispose of investments on our desired timeframe or fully execute our investment strategy more generally, all of which could negatively impact the TPEP Vehicle. For example, the restrictions

could prevent a TPEP Vehicle from exiting a declining investment, possibly for an extended period of time, which in turn could cause the TPEP Vehicle to incur substantial losses.

*Possession of Material Non-Public Information.* As a result of the expansive activities of other Funds, they regularly obtain non-public information regarding companies and other investment opportunities. Since TPG does not currently maintain permanent information barriers among most of its businesses, we generally impute non-public information received by one investment team to all other investment professionals, including all of the personnel who make TPEP Vehicle investments. Thus, in the absence of an information barrier, if a TPEP Vehicle or the other Fund receives non-public information with respect to a company, the TPEP Vehicles would face, as a result of securities law prohibitions on trading on the basis of material non-public information, restrictions on their ability to pursue a transaction with respect to that company.

To prevent this outcome in certain circumstances, we erect temporary information barriers to restrict the transfer of non-public information between the TPEP Vehicles and the other Funds. In these instances, however, a TPEP Vehicle's ability to benefit from TPG expertise outside any such barrier is limited. In addition, in the event that a temporary information barrier designed to protect a TPEP Vehicle is breached, even if inadvertently, the TPEP Vehicles will likely face the same restrictions on their investment activities as they would have faced had the temporary information barrier not been established in the first place.

*Contractual Restrictions.* Other Funds enter into agreements that may restrict from time to time the TPEP Vehicles' investment activities. For example, non-disclosure agreements other Funds sign with target companies often include "standstill" provisions that bar the other Funds and their affiliates (which generally includes the TPEP Vehicles) from acquiring the target companies' securities. In addition to "standstills," other Funds are subject to contracts whose provisions could affect the TPEP Vehicles. For example, the limited partnership agreements (or other constitutional documents) of certain other Funds restrict (i) affiliates (which generally includes the TPEP Vehicles) from acquiring or disposing of interests in entities that relate to the other Funds' existing or prospective Portfolio Investments and/or (ii) the other Funds from making an investment in or related to a company in the TPEP Vehicles' portfolios. These provisions can give rise to conflicts in the event, for instance, a Fund other than a TPEP Vehicle is presented with an investment opportunity involving a company in a TPEP Vehicle's portfolio. We may resolve such a conflict in favor of the other Fund, which, as a consequence of the governing document provisions, could, for example, bar the TPEP Vehicles from further trading a security already in their portfolio or in rare circumstances compel the TPEP Vehicles to alter or completely exit their position.

*New Businesses.* We expect to continue to sponsor and manage new investment vehicles, including by engaging in strategic transactions involving the acquisition of or business combination with other investment platforms. Establishing or acquiring new investment vehicles could increase the prevalence of the conflicts described in the preceding two paragraphs and thus lead to additional restrictions on the TPEP Vehicles' ability to trade certain securities. We also expect that the investment strategies and other activities of future investment vehicles and businesses will overlap with those of the TPEP Vehicles. Any overlap among future investment vehicles and businesses and the TPEP Vehicles would give rise to conflicts of interest, such as those related to competition for the same or related investment opportunities, our resources or capital from investors.

*Conflicts Relating to Investments by Multiple TPEP Vehicles.* The allocation of investment opportunities among the TPEP Vehicles gives rise to certain conflicts of interest. We intend to allocate investment opportunities in a manner we believe to be appropriate in light of the interests of all the entities involved. While we expect allocations to generally be pro rata in proportion to the targeted capacity of each TPEP Vehicle, in certain circumstances we allocate an investment opportunity primarily or exclusively to certain TPEP Vehicles, thereby limiting or foreclosing the other TPEP Vehicles participation. In particular, certain TPEP Vehicles are “long only” investment vehicles that only hold long positions in the public equity securities included in other TPEP Vehicles’ long portfolios. These vehicles, in certain circumstances, such as with respect to relatively illiquid securities or where additional purchases would give rise to a public reporting obligation or other similar regulatory consequences, do not invest in a security included in the other TPEP Vehicles’ long portfolios or invest a smaller proportion of their available capital.

In addition, if in our discretion, any TPEP Vehicle should not participate in a particular investment opportunity for legal, tax or regulatory reasons, we generally allocate such investment opportunity only to the unaffected TPEP Vehicles. For example, as a result of FINRA rules governing offerings of “new issue” securities, certain TPEP Vehicles generally do not acquire any securities in an offering that constitutes a “new issue.” Other factors that may affect whether we allocate to a TPEP Vehicle an investment opportunity include the TPEP Vehicle’s level of cash, expected subscriptions or redemptions and the transaction costs involved. To the extent an investment is not allocated pro rata, a TPEP Vehicle would bear a disproportionate share of the income or loss related to it, and the investment activities of the TPEP Vehicle would differ.

In addition, we generally combine purchase and sale orders for the TPEP Vehicles, with each entity paying its pro rata share of the total commissions and other costs and receiving its pro rata share of the total sale proceeds. Such simultaneous, identical portfolio transactions may be detrimental, however, including if they were to decrease the proceeds the TPEP Vehicles receive for their sales or increase the prices the TPEP Vehicles pay for their purchases.

We generally allocate expenses relating to making and monitoring common investments pro rata among the participating TPEP Vehicles. However, we will allocate expenses in another manner if we determine it is fair and equitable in our discretion, taking into account such factors as we consider relevant.

As described herein, TPG’s founders and certain other senior personnel have established family offices (each, a “Family Office” and collectively the “Family Offices”) to provide investment advisory and other services to their respective family accounts (including certain charitable accounts) in connection with their personal investment activities. Certain firms considered Family Offices for this purpose may also provide services to other third-party clients. The investment activities of the Family Offices and the involvement of TPG’s founders and other senior personnel in these activities give rise to potential conflicts between the personal financial interests of such personnel and the interests of the TPEP Funds. For example, a Family Office could make an investment that falls within a TPEP Fund’s investment objectives, could invest in a company in which a TPEP Fund also holds an interest (which may be at a different level of the company’s capital structure), could invest in a company that competes or has another business relationship with a Portfolio Investment of a TPEP Fund, or could otherwise engage in an activity that would be inconsistent with the interests of TPG, a TPEP Fund, or a Portfolio Investment. While we seek

to mitigate certain of these potential conflicts of interest, our efforts will not necessarily reduce or eliminate them.

#### *Conflicts Arising in the Allocation of Our Professionals' Time and Attention*

Our personnel will devote such time to the activities of the TPEP Vehicles as we determine to be necessary to properly conduct the TPEP Vehicles' business affairs. We generally expect all of the officers and employees responsible for advising a TPEP Vehicle will have responsibilities with respect to the other TPEP Vehicles, including funds and accounts raised in the future. In addition, certain officers and other employees may also have responsibilities to other Funds. Conflicts of interest arise in allocating the time, services or functions of these individuals. For example, our personnel may have an incentive to devote more time to positions that are in the portfolios of TPEP Vehicles that are expected to generate the highest performance allocation. Moreover, TPG personnel focus on other Funds and may have limited time or attention for TPEP Vehicle investments.

#### *Conflicts Arising from the Funds' Performance Allocation Structure*

Tying each TPEP Vehicle's general partner's compensation directly to the performance of such TPEP Vehicle creates an incentive for us to make more speculative investments than we otherwise would in the absence of such performance-based compensation. In addition, because the performance allocation depends in part on the unrealized appreciation of the TPEP Vehicles' assets, it at times will be greater than if the performance allocation were based solely on realized gains. In addition, we will calculate the performance allocation separately with respect to each subscription to or withdrawal from the TPEP Vehicles by a particular investor in order to reflect appropriately the different times investors may have contributed capital or withdrawn capital from the TPEP Vehicles and the net asset values of the TPEP Vehicles at such times. As a result, an investor's individual investment in a TPEP Vehicle could give rise to a performance allocation even if the TPEP Vehicle's general partner would not have been due a performance allocation had all of such investor's investments been aggregated for purposes of calculating the performance allocation.

#### *Conflicts Related to Transactions Among the TPEP Vehicles and other Funds*

Certain TPEP Vehicles pursue the same investment program and thus, with few exceptions (including in respect of "new issue" securities), hold the same securities, with each commonly held position generally comprising approximately the same percentage of each TPEP Vehicle's total equity under management. The relative weight of a security in each such TPEP Vehicle's portfolio may vary in the ordinary course of the relevant TPEP Vehicles' business. For example, a TPEP Vehicle could become underweight in a particular security relative to the other TPEP Vehicle if it has net capital inflows during a month disproportionate to the net capital inflows, if any, of the other TPEP Vehicle, or if the other TPEP Vehicle has a disproportionate net capital outflow. In months when net capital inflows or outflows result in a sufficiently large divergence between relevant TPEP Vehicles, we enter into "rebalancing" transactions to bring the TPEP Vehicles' exposure to commonly held investments back into line with each other.

We assess whether to engage in rebalancing transactions at the end of each month, once we have sufficient visibility into the net capital inflows or outflows expected at the beginning of the following month. If we expect to enter into rebalancing transactions, we determine, as of the close of trading on the final trading day of the month, the weight of each position in each relevant TPEP Vehicle by dividing the value of the position by the TPEP Vehicle's total equity under management, after giving pro forma effect to any pending capital inflows to or outflows from the TPEP Vehicles.

We then calculate the difference between the weights of commonly held investments. With certain exceptions, when the difference of a particular position exceeds a set threshold, we take the following steps to rebalance the relevant TPEP Vehicles' positions:

- We calculate the number of shares that one TPEP Vehicle must sell and the other TPEP Vehicle must purchase in order for each TPEP Vehicle's exposure to be brought back into balance.
- We set the price at which each rebalancing transaction will occur at the relevant security's fair value, as measured by the security's closing price on that day (i.e., the final trading day of the month).
- We instruct the relevant TPEP Vehicles' broker or brokers to "cross" trades before markets open on the subsequent trading day (i.e., the first trading day of the following month) so that the one TPEP Vehicle sells that number of shares and the other TPEP Vehicle purchases that number of shares, in each case for cash consideration at the rebalancing price.
- The relevant TPEP Vehicles' broker or brokers execute these instructions and generally receive customary brokerage commission or other fees or remuneration, with each TPEP Vehicle paying any commission or fees with respect to its side of the transaction.

We follow these steps in order to effectuate rebalancing transactions at market prices and with minimal brokerage commission fees and other costs.

A TPEP Vehicle participating in a rebalancing transaction could be a purchaser or a seller, depending on whether it experienced disproportionate net capital outflows or inflows relative to the other TPEP Vehicle. The relevant TPEP Vehicles will not engage in rebalancing transactions in the manner described above in certain circumstances, including

- in the case of restricted securities or securities for which market quotations are not readily available;
- if the TPEP Vehicles hold part of a position in a company in derivative form (such as swaps) or other instruments that are not exchanged traded (in which case the TPEP Vehicles will achieve the rebalanced portfolio allocation through open market purchases and sales);

- if the TPEP Vehicles hold all of a position in a company in derivative form (such as swaps) (in which case the TPEP Vehicles will achieve the rebalanced portfolio allocation by adjusting the instruments with the relevant counterparties);
- if the rebalancing transactions would give rise to adverse tax or regulatory consequences; or
- if the TPEP Vehicles possess material non-public information regarding the issuer of the securities.

In certain rare instances, we may cause a TPEP Vehicle to purchase investments from or sell investments to another Fund or another TPEP Vehicle in a transaction other than a rebalancing trade. This creates the risk that the TPEP Vehicle will not receive the best possible price because the transaction was not exposed to public market forces. In addition, our professionals may have investments in or receive fees from the related party providing an incentive to favor the other TPEP Vehicle or other Fund.

In order to mitigate these conflicts of interest, we generally will seek to ensure that any such transactions and related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals) and our policies and procedures. In particular, we generally will seek to ensure that the transaction is, in our judgment, in the best interests and in compliance with any investment guidelines or restrictions, of any TPEP Vehicle involved.

In effecting these transactions, we intend to effect the purchase or sale at a price that is comparable to the one that could be obtained through an arm's-length transaction with a third party and that is otherwise fair to both parties. The willingness of a third-party investor to make an investment on the same or similar terms as a TPEP Vehicle, or the view of a third-party service provider generally, will demonstrate the fairness of the transaction to such TPEP Vehicle. We will maintain documentation to memorialize the basis for determining fairness in pricing. Neither we nor any of our affiliates may receive any commissions for effecting a cross-fund transaction.

### *Principal Transactions*

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the investment adviser's clients, on the other. The Advisers Act generally requires that, when an investment adviser or its affiliate proposes to purchase a security from, or sell a security to, an advisory client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent.

We have established certain policies and procedures reasonably designed to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the applicable TPEP Vehicle regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and a TPEP Vehicle's prior consent to the transaction be received.

### *Conflicts Related to Transactions Alongside Other Funds*

Although we do not expect the TPEP Vehicles to regularly have investments in common with the other Funds, when this happens, the TPEP Vehicle could be disadvantaged as a result of:

- legal restrictions on the combined position that may be taken for all accounts we manage, thereby limiting the size of such TPEP Vehicle's position (examples include industry-specific limitations that arise in sectors like healthcare, trucking and banking);
- restrictions on the acquisition or disposition of the investment that result from the other Funds' limited partnership (or similar) agreements or nondisclosure agreements signed by the other Funds (see "*Conflicts Arising Generally from the Investment Activities of Other Funds – Contractual Restrictions*") or their receipt of material non-public information (see "*Conflicts Arising Generally from the Investment Activities of Other Funds – Possession of Material Non-Public Information*");
- the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions;
- the other Fund serving on a committee in a proceeding under Chapter 11 of the U.S. Bankruptcy Code; and
- other regulatory or legal restrictions on transactions.

Additionally, in certain circumstances we may want to avoid Exchange Act reporting requirements and rules that compel "disgorgement" of trading profit, in each case that would arise, for example, when TPG, in the aggregate, exceeds certain beneficial ownership thresholds. These restrictions could make an investment less attractive than it would otherwise be and reduce or entirely inhibit a TPEP Vehicle's ability to acquire or dispose of particular investments at a desired time or price.

In addition, we and the other Funds may express inconsistent views of a commonly held investment, or of market conditions more generally, or the other Fund may have a different term, structure, investment strategy or investment period. As a result, the actions of another Fund could affect the value of the TPEP Vehicle's investment. For instance, a sale by another Fund of its stake in a public company could put downward pressure on the value of the TPEP Vehicle's interest in the same company. The other Fund is under no obligation to act in a way that furthers or protects the interests of the TPEP Vehicle. Other Funds could earn returns on their investment that exceeds the TPEP Vehicle's return.

### *Conflicts Related to Investments by Other Funds*

Other Funds occasionally invest in competitors or customers of or service providers or suppliers to companies in the TPEP Vehicles' portfolios. These circumstances give rise to a variety of conflicts of interest. For example, the other Fund or its Portfolio Investment may take actions for commercial reasons that have adverse consequences for a company in which the TPEP Vehicles have a long position, such as seeking to increase its market share at the expense of the company in the TPEP Vehicles' portfolio (as a competitor), withdrawing business from the company in the

TPEP Vehicles' portfolio in favor of a competitor that offers the same product or service at a more competitive price (as a customer), increasing prices in lock-step with other enterprises in the industry (as a supplier) or commencing litigation against the company in the TPEP Vehicles' portfolio (in any capacity). The other Funds may also obtain information while dealing with its Portfolio Investments that it is prohibited from acting on or disclosing to us as a result of confidentiality requirements or applicable law, even though such action or disclosure would be in the TPEP Vehicles' interests. The other Funds are under no obligation to take into account the TPEP Vehicles' interests in advising their Portfolio Investments or otherwise managing their assets.

#### *Conflicts Related to Investing in Different Levels of the Capital Structure*

Other Funds invest in a broad range of asset classes throughout the corporate capital structure, including loans and debt securities, preferred equity securities and common equity securities. Accordingly, it is possible that a TPEP Vehicle will hold an interest in one part of a company's capital structure while another Fund holds an interest in another; similarly, a TPEP Vehicle may be "short" a company that another Fund is "long". Decisions taken by the other Fund in these circumstances to further its interests may be adverse to the interests of a TPEP Vehicle.

For example, a TPEP Vehicle could acquire a significant equity stake in a company whose debt (or other more senior) securities are already held by another Fund. As a creditor of the company, the other Fund could take actions, consistent with its obligations to maximize the return to its investors, that would be adverse to the interests of the TPEP Vehicle as a holder of more junior securities. The other Fund, for instance, could cause the acceleration of the portfolio company's debt or exercise other rights it has that could precipitate a sharp decline in the value of the equity held by the TPEP Vehicle. The other Fund would be under no obligation to take any action or refrain from taking any action to prevent or mitigate any losses by the TPEP Vehicle.

#### *Conflicts Related to a Master-Feeder Structure*

Certain of the TPEP Vehicles execute their investment strategy by investing all or substantially all of their assets in master TPEP Vehicles. This structure poses conflicts of interest among the TPEP Vehicles invested in such master fund because, for tax or other reasons, some investments or potential investments by such master fund might be more appropriate or desirable for investors in one TPEP Vehicle than for investors in another TPEP Vehicle.

#### *Conflicts of Interest Among a Diverse Set of Investors*

The TPEP Vehicles' investors are a diverse group of investors who have different investment programs and are subject to different legal, tax and regulatory regimes. For example, investors in the TPEP Vehicles include taxable and tax-exempt entities and have been organized in various jurisdictions. The nature and diversification of the TPEP Vehicles' investments, as well as the manner in which they make, structure, hold and exit them, therefore has the potential to lead to a more favorable legal, tax or regulatory outcome for some investors. In selecting investments appropriate for the TPEP Vehicles, we generally consider the investment objectives of the TPEP Vehicles as a whole, not the investment objectives of any investor individually. To the extent we are able to structure certain investments based in part on the legal, tax and regulatory constraints



of investors, we will not take into account such interests as they relate to each individual investor. An investor in a TPEP Vehicle generally bears its share of the costs associated with a structure designed to address the concerns of the TPEP Vehicle investor base generally, regardless of whether the particular investor itself benefitted.

#### *Conflicts Related to the Valuation of Assets and Liabilities*

Each TPEP Vehicle's general partner has delegated to us the responsibility of valuing its assets and liabilities. We will either

- value the assets of the TPEP Vehicles in accordance with U.S. generally accepted accounting principles ("GAAP"), including Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements, or such other rules required by GAAP; or
- follow some other prudent valuation method that we consider in the circumstances to reflect more fairly the value of a particular investment.

It is possible that our valuation policy will lead to different valuations than those produced pursuant to Accounting Standards Codification Topic 820. In this case, the valuation presented in the TPEP Vehicles' audited financial statements will differ from that used to determine the net asset value of the TPEP Vehicles, which in turn is used to calculate contributions and withdrawals as well as advisory fees and performance allocations. A significant degree of judgment and discretion is inherent in valuing assets.

While we follow rigorous valuation methodologies and procedures that are designed to ensure that our fair value determinations are the product of the foregoing policy, and while in most cases we will base our valuation of the securities held by the TPEP Vehicles entirely on market prices, we have incentives to arrive at higher valuations. First, advisory fees and performance allocations are calculated based in part on our valuations; arriving at higher valuations would lead to higher advisory fees and performance allocations. Second, we regularly report to investors in the TPEP Vehicles, prospective investors and the investor community more generally metrics of the TPEP Vehicles' performance, such as rates of return, whose calculation depends on the value of the TPEP Vehicles' investments. These reports are an indication of the overall health of the TPEP Vehicles and are important to our efforts to attract investors to TPEP Vehicles and other Funds. An objective of our valuation methodologies and procedures is to eliminate any influence these incentives may have on our fair value determinations.

For the purpose of calculating the TPEP Vehicles' net asset value, we will, and are entitled to, rely on, and will not be responsible for the accuracy of, financial data the TPEP Vehicles' prime brokers, market makers or independent third-party pricing services furnish us. We also may use and rely on industry standard financial models in pricing certain securities or other assets.

#### *Conflicts Related to Strategic Transactions*

TPG is a broad-based alternative investment platform that may engage in strategic transactions, including the acquisition of, or combination with, other investment platforms, without regard to

whether any such platform would have an investment mandate similar to the TPEP Vehicles'. Nothing in the Governing Documents prohibits or restricts such strategic transactions.

In the event that TPG, its affiliates or any others engage in any such transaction or otherwise engage in any actions or any other event occurs that results in an "assignment" (including for purposes of the Advisers Act) of the Advisory Services Agreement or any other agreement (including because of any change in TPG's control group), and as a result we or any other entity must seek the consent of the TPEP Vehicle under applicable law, the general partner or Board of Directors of the TPEP Vehicle will not seek the consent of the limited partners or shareholders of such TPEP Vehicle but will have the authority to act for the TPEP Vehicle in determining whether or not to provide any required consent.

Since the general partner or Board of Directors of the TPEP Vehicle is under common control with us and we each may have a financial interest in the consummation of any such transaction that is different from the interests of the TPEP Vehicle or its limited partners, the general partner or Board of Directors of the TPEP Vehicle will likely have a conflict of interest in making this determination. Pursuant to the Governing Documents, the general partner or Board of Directors of the TPEP Vehicle is under no obligation to seek approval from the TPEP Vehicle's limited partners as to any such consent, and the limited partners will not have the right to remove the general partner or Board of Directors or cause the TPEP Vehicle to terminate the Advisory Services Agreement, transfer their interests or otherwise exit the TPEP Vehicle, or exercise any other rights or remedies (other than remedies provided in the TPEP Vehicle's Governing Documents).

#### *Conflicts Arising from Customized Terms Provided to Certain Investors*

Investors increasingly expect to make investments in private investment funds on customized terms. We accommodate these expectations in our discretion by entering into written agreements, which we refer to as "side letters," or establishing separate accounts that provide such investors with customized terms. These customized terms typically result in preferential treatment with respect to, among other things,

- waiving, reducing or calculating differently advisory fees or performance allocation;
- different admission dates, withdrawal dates, lock-up periods and other restrictions with respect to the applicable TPEP Vehicle;
- withdrawal rights from the applicable TPEP Vehicle, including in the event of adverse regulatory or other events;
- waiving minimum subscriptions in the applicable TPEP Vehicle;
- the revocation of withdrawal notices in respect of the applicable TPEP Vehicle;
- the regulatory reporting obligations of the applicable TPEP Vehicle;
- the right to transfer interests in the applicable TPEP Vehicle;
- additional confidentiality protections or waiver of existing confidentiality obligations;

- “most favored nations” clauses;
- notice and/or information rights;
- manner of distributions, including with respect to distribution in kind; or
- any other terms, whether economic, procedural or otherwise.

We will consider many factors in deciding whether to accord investors in TPEP Vehicles customized terms via a side letter and expect to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the TPEP Vehicle or other Funds or that are anticipated to be important to future fundraising campaigns;
- investors that have a broader strategic relationship with TPG;
- investors that are subject to specific legal, tax or regulatory requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

We have no obligation to disclose or offer any such additional rights, terms or conditions to any other investor in such TPEP Vehicle, except to the extent required by the Governing Documents of the applicable TPEP Vehicle.

#### *Favorable Terms Provided to Affiliates and Related Persons*

The employees, business associates and other “friends of the firm” of TPG are typically able to invest directly or indirectly in TPEP Vehicles on terms that are more favorable than those offered to other investors. Such favorable terms may involve, among other things, a waived or reduced advisory fee and/or performance allocation, and the waiver or reduction of other restrictions. We have no obligation to disclose or offer such favorable terms to any other investor in the TPEP Vehicle, except to the extent required by the Governing Documents of the applicable TPEP Vehicle.

#### *Third-Party Placement Agents*

We from time to time enter into arrangements with third parties to raise capital for a TPEP Vehicle. Such placement agents typically receive a flat fee or in some cases a percentage of the investments they bring to the TPEP Vehicle. We generally expect to bear such fees (directly or indirectly through fee offsets) instead of the TPEP Vehicles. Basing the placement agent’s compensation on an investor’s decision to invest creates a conflict of interest by incentivizing the placement agent to attract investors to a TPEP Vehicle when it may not be in the investors’ best interests to subscribe.

### *Personal Trading*

The Governing Documents do not prohibit us, the TPEP Vehicles or their respective general partners, or their employees, members or principals (or any other person) from buying or selling securities or commodity interests for their own account. We maintain compliance policies and procedures, including personal trading policies, however, that are designed to reduce potential conflicts of interest related to personal trading.

### *Conflicts Arising from Other Relationships with TPG-Related Persons*

We, in our discretion, may contract for ourselves or on behalf of the TPEP Vehicles with

- any related person of TPG (including, for example, a Portfolio Investment of another Fund or a family member of TPG personnel); or
- a person with which TPG has a relationship or from which TPG otherwise derives financial, personal or other benefit to perform services (including brokerage services).

In such circumstances, TPG will have a financial, personal or other business incentive to recommend the related or other person even if another person is more qualified to provide the applicable services or can provide such services at a lesser cost.

### *Conflicts Arising from Business with Certain Investors*

We have service providers, including for example, investment bankers and outside legal counsel, who are investors in TPEP Vehicles and/or who provide services to businesses that are our competitors. We have a conflict of interest with the TPEP Vehicles in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in the TPEP Vehicles or other Funds or will provide us information about our competitors. There is a possibility that we, because of such belief or for other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

### *Conflicts Related to Legal Counsel and Other Service Providers Engaged by the TPEP Vehicles and Other Funds*

The TPEP Vehicles and other Funds will often engage common legal counsel and other advisors to represent all of the TPEP Vehicles and/or other Funds in a particular transaction, including a transaction in which a TPEP Vehicle or other Global Vehicle has conflicting interests because it has invested in different securities of the company. In the event of a significant dispute or divergence of interest between a TPEP Vehicle or other Global Vehicles, such as in a work-out or other distressed situation, separate representation will typically become desirable, in which case the TPEP Vehicles and the other Funds may hire separate counsel in our sole discretion, and in litigation and other circumstances, separate representation will occasionally be required. Law firms engaged to represent TPEP Vehicles and other Global Vehicles, partners in those firms or entities affiliated with those firms may be investors in such TPEP Vehicle or other Global Vehicle, and may also represent one or more Portfolio Investments or limited partners of such TPEP Vehicle and/or other Global Vehicles.

### *Conflicts Arising from the Rates of Third-Party Advisors and Other Service Providers*

The TPEP Vehicles will retain or pay for advisors and service providers, including accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons and consultants. Some of these advisors and service providers also provide services to or have other relationships with us. While we will generally seek to engage advisors and service providers on behalf of the TPEP Vehicles on the basis of the quality of the advice and other services provided, these relationships may influence our decision to select or recommend an advisor or service provider to perform services for the TPEP Vehicles (the cost of which will generally be borne directly or indirectly by the TPEP Vehicles). In certain circumstances, advisors and other service providers may charge rates or establish other terms for advice and services provided to us, other Funds or any of their respective affiliates or Portfolio Investments that are different from and more favorable than those charged in respect of advice and services provided to the TPEP Vehicles. Moreover, whereas we typically negotiate on a matter-specific basis the rates or amounts payable for such services, we expect the TPEP Vehicles from time to time to pay higher rates or amounts than we would for such services.

### *Conflicts Arising from Interpreting the Provisions of the Governing Documents and Other Relevant Documents and Other Legal Requirements*

The Governing Documents are detailed agreements that establish complex arrangements among the TPEP Vehicle, investors in the TPEP Vehicle, us, the general partner of the TPEP Vehicle, and other entities and individuals. Questions arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations we adopt will not necessarily be, and need not be, the interpretations that are the most favorable to most investors.

## **ITEM 12 – BROKERAGE PRACTICES**

For the purposes of this Item 12, “we,” “us,” or “our” shall include the applicable TPG Management Company, except where context otherwise requires.

### *Investment or Brokerage Discretion*

For each of the Global Vehicles, we have sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. We seek the best price and execution available except to the extent we are permitted to pay higher brokerage commissions in exchange for brokerage and research services. “Best execution” means obtaining for a Global Vehicle the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

Securities transactions can be expected to generate brokerage commissions and other compensation that a Global Vehicle, and not us or our affiliates, will be obligated to pay. We have complete discretion in deciding which brokers or dealers a Global Vehicle will use and in negotiating the rates that a Global Vehicle will pay.

In selecting brokers or dealers, we generally consider various factors, including:

- the broker-dealer's reputation, experience and financial stability;
- the broker-dealer's ability to maintain our anonymity;
- the broker-dealer's ability to provide competitive pricing;
- the transaction's size and timing;
- the broker-dealer's ability and willingness to commit capital and provide prompt and accurate execution and settlement;
- whether the broker-dealer makes a market in a security and/or finds sources of liquidity;
- the nature of the market for the security and the difficulty of execution;
- the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market;
- the belief that the broker-dealer charges fair and reasonable fees for trades, and that the Global Vehicles have been treated fairly and honestly in prior trades;
- the quality of execution and service rendered by the broker-dealer in prior transactions;
- any proprietary research and investment ideas; and
- our overall relationship with the broker-dealer.

TPG BD may also, in some cases, act as a broker in transactions on behalf of Global Vehicles. However, TPG BD will only serve as a broker-dealer in a transaction if it is consistent with our fiduciary duties.

With respect to the Global Vehicles (excluding TPEP Vehicles), we have no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so-called "soft dollar" arrangements). However, we may select brokers or dealers who provide us research reports and services, including:

- proprietary broker-dealer company research and analyses;
- oral and written reports, statistics and advice about the economy, industries and individual securities' or company investment opportunities;

- reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics; and
- opportunities to confer with company management.

With respect to TPEP Vehicles, we have formal arrangements with certain specific brokers or dealers to receive research or other services beyond transaction execution in exchange for higher brokerage commissions from client transactions (so-called “soft dollar” arrangements). In addition, we may select brokers or dealers who provide us with research reports and services, including the reports listed above.

In accordance with Section 28(e) of the Exchange Act, broker-dealers providing such services are from time to time paid commissions on transactions for the TPEP Vehicles in excess of those that other broker-dealers not providing such services might charge so long as we determine in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided. Any such research service may be broadly useful and of value to us in rendering investment advice to all or a significant portion of the TPEP Vehicles, or may be relevant and useful for the management of one or only a few of the TPEP Vehicles’ accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. Recognizing the value of the brokerage and research services provided, we from time to time allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction. A conflict of interest exists when a broker-dealer provides such research services, as we will have an incentive to favor such broker-dealer over another that may charge lower commissions.

We periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. We also periodically review the past performance of the broker-dealers with whom we have placed orders to execute Global Vehicle transactions in light of the factors discussed above.

Please refer to the section above entitled “*Conflicts Related to the Hiring of Asset Managers or Servicers*” for a discussion of potential conflicts of interests that affect our choice of service providers, including broker-dealers.

### *Cross Transactions*

Generally, we do not effect cross transactions between Global Vehicles (a “cross-fund transaction”); however, they may be effected in rare instances. Such cross-fund transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Global Vehicle may not receive the best price otherwise possible, or we might have an incentive to improve the performance of one Global Vehicle by selling underperforming assets to another

Global Vehicle in order, for example, to earn fees. Additionally, in connection with such transactions, we

- may have significant investments, or intentions to invest, in the Global Vehicle that is selling and/or purchasing such an investment; or
- otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment).

We may receive management or other fees in connection with our management of the relevant Global Vehicles involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Global Vehicles. In the event that we do effect cross-fund transactions between Global Vehicles, we will seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and our policies and procedures. In particular, we will seek to ensure that the transaction is:

- in our judgment, in the best interests of each Global Vehicle involved in the transaction; and
- in compliance with any investment guidelines or restrictions for these Global Vehicles.

In effecting these transactions, we will seek to ensure that the purchase or sale is effected at a price that is comparable to what price could be obtained through an arm's-length transaction with a third party and that is otherwise fair to both parties. We will maintain documentation to memorialize the basis for determining fairness in pricing. Neither we nor any of our affiliates will receive any compensation for effecting a cross-fund transaction.

#### *Continuation Vehicles and Continuation Transactions*

From time to time we also establish other investment vehicles for the purpose of purchasing one or more investments from a Global Vehicle (sometimes, but not always, where the selling Global Vehicle is approaching the end of its term) in connection with, or alongside another Global Vehicle making an investment (such vehicles, "Continuation Vehicles" and such transactions, "Continuation Transactions"). In such circumstances, we and/or our affiliates are acting on behalf of, and making the investment decision for, both the Global Vehicle and the applicable Continuation Vehicle. As a result, Continuation Transactions implicate conflicts of interest described above in "Cross Transactions" between the Global Vehicle and the Continuation Vehicle more generally. Further, because we and/or our affiliates expect to have the opportunity to earn additional management fees and/or receive additional carried interest and other benefits in respect of such Continuation Transactions, and because each purchaser's commitment to acquire interests in a Continuation Vehicle will ordinarily be conditioned upon completion of the Continuation Transaction, we will have a potential conflict of interest in determining transaction terms and participants. Because of the potential for a requirement for an investor in the Continuation Vehicle to make an investment in a Global Vehicle or a commitment to invest in a future Global Vehicle, this (a) incentivizes us to favor such investors because of the potential for us and our affiliates to earn additional management fees with respect to any such investment or commitment to invest,



and (b) could affect the price such investors offer to purchase the asset from the selling Global Vehicle. Additionally, conflicts of interest arise in continuation transactions as a result of the allocation of fees and expenses, because fees and expenses will be incurred in connection with the transaction, and we might determine to allocate bankers' fees and certain other fees and expenses solely to selling investors and not to certain investors in the Continuation Vehicle or vice versa.

While certain conflicts of interest related to Continuation Transactions often require approval by a Fund's advisory committee, certain transactions may be able to be completed at our initiation without any such approval.

### *Trade Aggregation*

In pursuing our investment objectives, we from time to time cause Global Vehicles to purchase and sell publicly traded securities through brokers. If we have determined to sell or purchase a publicly traded security at the same time for more than one Global Vehicle, we seek to ensure that combined orders for all Global Vehicles are generally placed while assigning pre-order allocations. If an order for more than one Global Vehicle cannot be fully executed, we typically "bunch" buy or sell orders for two or more Global Vehicles into a single large order, and place the bunched order with a single broker or dealer for execution. In many instances, such "bunching" of orders can result in lower commissions, a more favorable net price or more efficient execution than if each Global Vehicle's order were placed separately. There may, however, be instances in which order bunching results in a less favorable transaction than a particular Global Vehicle would have obtained by trading separately. Similarly, when orders are not bunched, there may be circumstances when purchases or sales of portfolio securities for one or more Global Vehicles will have an adverse effect on other Global Vehicles. We are not obligated to place all transactions on a "bunched" basis. We generally seek to avoid putting any Global Vehicle at an advantage or disadvantage compared to other Global Vehicles that are buying or selling the same security. Each Global Vehicle participating in a "bunched" order generally participates at the same price as all other participants, and all transaction costs on the order are generally allocated pro rata to all participating Global Vehicles.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### ***Review of Accounts***

The investment portfolios of the Global Vehicles (other than the TPEP Vehicles) are generally private, illiquid and long- or medium-term in nature; accordingly, our review of them is not directed toward a short-term decision to dispose of securities. However, we closely monitor the Global Vehicles' Portfolio Investments and generally maintain an ongoing oversight position in such Portfolio Investments.

In addition, with respect to investments such as bank and other loans, financings, originations and related credit, fixed income and other instruments and claims, we continually review and analyze existing investment positions to attempt to identify issues early on and to take action when necessary. We meet periodically with members of our investment review committee to update them on such portfolio positions and related matters.

With respect to RE Finance Trust Management, we actively manage the assets in its portfolio from closing of each investment to final repayment. TRTX is party to an agreement with Situs, one of the largest commercial mortgage loan servicers, pursuant to which Situs provides TRTX with dedicated asset management employees for performing asset management services pursuant to TRTX's proprietary guidelines. Following the closing of an investment, this dedicated asset management team rigorously monitors the investment under our oversight, with an emphasis on ongoing financial, legal and quantitative analyses. Through the final repayment of an investment, the asset management team maintains regular contact with borrowers, servicers and local market experts monitoring performance of the collateral, anticipating borrower, property and market issues, and enforcing TRTX's rights and remedies when appropriate.

We review TRTX's entire loan portfolio quarterly, undertake an assessment of the performance of each loan, and assign it a risk rating between "1" and "5," from least risk to greatest risk, respectively.

We provide continuous advisory services for the TPEP Vehicles. The Portfolio Investments of each TPEP Vehicle are primarily reviewed by us and our dedicated team of investment professionals. TPG provides general oversight and advice with respect to our investment decisions.

### ***Reporting***

We generally do not provide formal written reports to any Global Vehicle unless specifically requested by the general partner of the vehicle. We generally report to investors in a Global Vehicle in accordance with the applicable Governing Documents.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Global Vehicles have compensated, and expect in the future to compensate, broker-dealers who assist it in obtaining capital through commissions and underwriting discounts. Such amounts are generally payable by Global Vehicles, and as such, such expenses are indirectly borne by its investors.

For information regarding any economic benefits we receive from non-clients, including a description of related conflicts of interest, please see "*Item 10 – Other Financial Industry Activities and Affiliations*" above. In addition, we and our related persons, in certain instances, receive discounts on products and services provided by Portfolio Investments held by Global Vehicles and/or the customers or suppliers of such Portfolio Investments.

### **ITEM 15 – CUSTODY**

Not applicable.

### **ITEM 16 – INVESTMENT DISCRETION**

Pursuant to the Advisory Services Agreement of each Fund and certain Co-Investment Vehicles, and subject to the direction and control of the general partner of such Fund or Co-Investment Vehicle, we and the applicable TPG Management Company generally perform the day-to-day investment operations of each such Fund and Co-Investment Vehicle in accordance with the terms

and conditions of the Advisory Services Agreement and Governing Documents of such Fund or Co-Investment Vehicle.

Some Co-Investment Vehicles are established to invest alongside one or more Funds in one or more particular investment opportunities. Because a Co-Investment Vehicle is typically contractually required, as a condition of its investment, to exit its investment in the particular investment opportunity at the same time and on the same terms as the applicable Fund that also is invested in the particular investment opportunity, we generally will not have any discretion to invest the assets of such Co-Investment Vehicles independent of such contractual requirements.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

For the purposes of this Item 17, “we,” “us” and “our” shall include the applicable TPG Management Company, except where context otherwise requires.

We have been delegated the authority to vote proxies (which, for these purposes, includes other corporate actions, such as consent requests) regarding securities held by the Global Vehicles. We have adopted and implemented policies and procedures reasonably designed to ensure that we vote proxies in the best interests of the Global Vehicles. In exercising our voting discretion, we seek to avoid any direct or indirect conflict of interest between the Global Vehicles and the voting decision.

It is our general policy to vote or to give consent on all matters presented to security holders in any proxy or similar request, and our policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise to withhold our vote or consent on any matter if, in the judgment of certain of our professionals, the costs associated with voting such proxy outweigh the benefits to the applicable Global Vehicles or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable Global Vehicles.

Global Vehicles generally cannot direct our vote.

Our Chief Compliance Officer or his/her delegate (a “Proxy Reviewer”) is responsible for monitoring proxy decisions for any actual or perceived conflicts of interests. All proxy voting decisions require a mandatory conflicts of interest review by a Proxy Reviewer, which includes consideration of whether we or any investment professional or other person recommending how to vote the proxy has an interest in how the proxy is voted that may present a conflict of interest. When the Proxy Reviewer deems appropriate in his/her sole discretion, unaffiliated third parties may be used to help resolve conflicts or to otherwise assist us in fulfilling all or part of our voting obligations. In this regard, the Proxy Reviewer has the power to retain independent fiduciaries, consultants or professionals to assist with proxy voting decisions and/or to delegate to such persons voting and/or consent powers in accordance with our proxy voting policies and procedures.

When voting proxies on behalf of Global Vehicles, we vote in a manner that we believe is consistent with the best interest of the Global Vehicles, which may include agreeing with a third party to vote on a matter in a particular manner if we deem such agreement to be in the best interest of the Global Vehicles. We do not permit proxy voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

In accordance with the requirements of the Advisers Act, we maintain records of our proxy voting for at least five years and, at a Global Advisee's request, will furnish proxy voting information, free of charge, to the requesting Global Advisee within a reasonable period of time (usually within ten business days). Global Advisee may request proxy voting information by contacting the Chief Compliance Officer at (817) 871-4000 or by writing to TPG Global, LLC, Attn: Chief Compliance Officer, at 301 Commerce St., Suite 3300, Fort Worth, Texas 76102.

**ITEM 18 – FINANCIAL INFORMATION**

Not applicable.