

EOS Real Estate Investors LLC

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This brochure (this “Brochure”) provides information about the qualifications and business practices of EOS Real Estate Investors LLC. If you have any questions about the contents of this Brochure, please contact us by e-mail at info@eosinvestors.com. 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.

Registration as an investment adviser does not imply that EOS Real Estate Investors LLC or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about EOS Real Estate Investors LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Between the annual updates to this Brochure filed on March 30, 2022 and March 29, 2023, no material changes were made to this Brochure, although EOS Real Estate Investors LLC did file an “other-than-annual” amendment to this Brochure in November 2022 to reflect a change in EOS Real Estate Investors LLC’s address.

EOS Real Estate Advisers LLC is filing this other-than-annual amendment to its Brochure to reflect the organization of EOS Residential Investors LLC and the launch of a new advisory business that will focus on investments in residential real estate.

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Item 4. Advisory Business

EOS Real Estate Investors LLC ("EOS Real Estate," "we," "us," or "our") is a Delaware limited liability company that was formed in December 2016. We are principally controlled by Jonathan Wang (our "CEO"). We also have an affiliate, EOS Residential Investors LLC ("EOS Residential") that is co-registered with us as a so-called "relying adviser." EOS Residential was formed in 2023, and is co-owned and controlled by Jonathan Wang and Nicole Sermier.

We provide discretionary investment advice to private funds that are not registered under the Investment Company Act of 1940 and whose interests are not registered for public sale under the Securities Act of 1933. We currently have several such private funds that are managed by EOS Real Estate- and which focus on investments in hospitality real estate assets (the "Hospitality Funds"). We anticipate launching other private funds that will be managed by EOS Residential and which will focus on investing in residential real estate assets (the "Residential Funds," and, together with the Hospitality Funds, the "Main Funds"). In addition, we also organize and manage special purpose investment vehicles that offer co-investment opportunities in the properties in which our Hospitality Funds or Residential Funds invest (the "Co-Investment Vehicles," and, together with the Main Funds, the "Funds"). In the future, we may also provide investment advice to additional private funds and to separately managed accounts for institutional, non-retail investors ("SMAs") and the investment focus of such SMA's and additional private funds may vary from that of our current Funds. References throughout this document to "clients" refer to the Funds and any other private funds and SMA's that we may advise in the future.

The Funds are managed in accordance with their own investment objectives, as described in their respective offering documents, partnership agreements, operating agreements, investment management agreements and other governing agreements (collectively, the "Governing Documents").

In accordance with common industry practice, from time to time, we, the Funds or their general partners (collectively, the "EOS GPs") enter into "side letters" or similar agreements with investors, which grant such investors specific rights, benefits or privileges that are not generally made available to all investors. The terms of such "side letters" or similar agreements are generally not disclosed to other investors in the Fund, except to investors that have separately negotiated for the right to review such agreements.

We do not participate in wrap fee programs.

As of June 30, 2023, we managed approximately \$1,205,664,302 of regulatory assets under management on a discretionary basis. We do not manage any regulatory assets under management on a non-discretionary basis.

Item 5. Fees and Compensation

Our fees and compensation are described in the Funds' Governing Documents. All of the investors in the Funds are "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Company Act")) or "knowledgeable employees" as defined in Rule 3c-5 under the Company Act.

In general, each Main Fund directly or indirectly pays us a quarterly management fee in advance, which is based on percentage of either: (i) its investors' total capital commitments during the term of its investment period or (ii) total actively invested capital thereafter. In general, we also receive a management fee in respect of each Co-Investment Vehicle, which is based on actively invested capital

from the onset. Management fees will be refunded if the relevant advisory contract is canceled before the end of the relevant payment period. The relevant EOS GP, in its sole discretion, has waived, and expects in the future to waive, in whole or in part, the management fee payable by investors that are employees or affiliates of ours, consultants to or family members of any such persons, or certain significant or strategic investors.

Each EOS GP or an affiliate thereof is also entitled to receive carried interest from the relevant Fund, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management*.

With respect to the Hospitality Funds, our affiliates provide property-level services, including property management, leasing, construction management, development, security and other real estate-related services in respect of the Funds' hospitality property investments and receive fees from the properties in consideration for such services. Such property management fees are described in detail in the Funds' Governing Documents and generally consist of a base management fee equal to a fixed percentage of total revenues generated by the property on a monthly basis, a centralized accounting services fee equal to a fixed amount per month, development management fees equal to a fixed percentage of the total budget for renovations, refurbishments and other capital improvement projects and an incentive fee payable upon the sale of a property if a specified return on investment is achieved. In addition, the compensation of certain of our affiliates' employees, including salaries and wages, accrued bonuses, payroll taxes, and health and welfare benefits, are charged back to the Funds' hospitality property investments based on the specific role they fulfill for such properties or for time spent on property-specific projects by such employees, in accordance with our internal policies. Each Hospitality Fund bears its *pro rata* share of any such fees with respect to any of the Fund's hospitality property investments, and such fees will not offset the management fees.

In general, each Fund will bear all costs and expenses incurred in connection with its organization, including legal and accounting fees, printing costs, travel and other out-of-pocket expenses, and all costs and expenses incurred in connection with the offering of interests in the Fund (but excluding placement fees, if applicable) ("Organizational Expenses"), up to a maximum amount specified in the applicable Fund's Governing Documents. Organizational Expenses in excess of this maximum amount, and placement fees (if applicable), will be either paid by the Fund but borne by us through an offset against the management fee payable by the Fund or paid by us.

In addition, each Fund will bear its own operating costs, which include (as applicable): (i) the above-described management fees; (ii) all out-of-pocket costs of the Fund's administration, which administrative services may be provided by our affiliates, including administrative, tax, accounting, audit, legal, consulting, real estate investment trust ("REIT") compliance, brokerage, custody, depository, safekeeping, investment banking and other professional fees and expenses, costs of holding any meetings of the investors in the Fund, costs of any liability insurance, costs associated with reporting and providing information to existing and prospective investors on Fund or investment-related matters, including the preparation and dispatch to the investors of distributions, financial reports, tax returns, Schedules K-1, statements and notices (and related printing and mailing costs) required pursuant to the Fund's Governing Documents, and other Fund-related reporting obligations, and expenses associated with the maintenance of books and records of the Fund; (iii) all appraisal and valuation expenses; (iv) all registrations and fees payable by the Fund (including those expenses incurred in connection with the registration, qualification or exemption of the Fund under any applicable laws) and all expenses incurred in connection with the foregoing, including all expenses incurred in connection with any investigation or review of the Fund or any settlement entered into by the Fund; (v) all unreimbursed fees, costs and expenses incurred in

connection with the collection of amounts due to the Fund from any person or entity, including all fees, costs and expenses relating to default by an investor in the Fund; (vi) all fees, costs and expenses incurred in connection with any restructuring or amendment to the Fund's Governing Documents; (vii) all fees, costs and expenses relating to the Fund's limited partner advisory committee, including the reasonable out-of-pocket expenses incurred by members thereof in connection with any meeting of such members, and all fees, costs and expenses relating to an approval requiring the approval or consent of one or more investors in the Fund; (viii) all fees, costs and expenses (and damages) related to regulation, litigation (including threatened litigation), government inquiries, investigations or proceedings (including, without limitation, any judgments settlements or other amounts paid in connection therewith), in each case related to the Fund or its investments, including regulatory expenses of the Funds or us and our affiliates related to the preparation and filing of Form PF and other similar regulatory filings, expenses related to filings required under the Securities Exchange Act of 1934, as amended, preparation and filing of reports with the Commodities Futures Trading Commission, compliance or filings related to the European Alternative Investment Fund Managers Directive, the engagement of locally licensed intermediaries, paying agents or similar persons that the Fund or an affiliate is required to engage as a result of one or more investors being domiciled in, or otherwise related to, a particular jurisdiction (including, in each case, the fees and expenses of any third-party service provider retained in connection therewith), expenses related to complying with the Foreign Account Tax Compliance Act and similar laws, regulations and administrative requirements in other jurisdictions, and expenses related to compliance with and filings under other applicable laws, rules and regulations; (ix) all liabilities for indemnity or contribution to any person (including, without limitation, indemnification of the us, the Fund's general partner, service providers and other contractual counterparties and other parties entitled to indemnification), whether payable under the Fund's Governing Documents or otherwise and whether payable in connection with any litigation involving the Fund or otherwise; (x) all expenses incurred in connection with administrative proceedings relating to the determination of Fund items at the Fund level undertaken by the Fund's tax representative, and any audit or proceeding with respect to taxes; (xi) all expenses incurred in connection with the dissolution, winding up, liquidation and termination of the Fund; (xii) all taxes or other governmental charges of a Fund and the entities in which it owns direct or indirect interests (except to the extent such taxes are attributable to, and actually borne by, a particular partner in the Fund); (xiii) all fees, costs and out-of-pocket expenses and liabilities directly related to the Fund's investments or prospective investments (including Broken Deal Expenses (as defined below) and expenses incurred in relation to prospective investments prior to the Fund's initial closing date) and follow-on investments, including (a) legal, accounting, consulting, investment banking and other professional costs, (b) travel (at rates not exceeding a first-class equivalent fare), accommodation, meal and entertainment costs, (c) private placement fees, syndication fees, bank charges, appraisal fees, underwriting commissions and discounts, brokerage fees, sales commissions, finder's fees, deal sourcing fees and commissions, closing and execution costs and information services, (d) costs of other third-party services (including anti-money laundering and "know your customer" diligence and vendors that review subscription agreements), (e) fees, costs and expenses associated with environmental, architectural, property management (including investment-level service fees and, solely with respect to the Hospitality Funds, shared property-level costs), engineering and appraisal services, insurance premiums, leasing commissions and loan servicing fees, (f) fees, costs and expenses associated with the discovery, evaluation, execution, acquisition, holding, development, management, monitoring, maintaining, improving, leasing, developing, redeveloping and renovating of investments or prospective investments, (g) expenses associated with financing, refinancing, pledging or disposition of or proposed financing, refinancing, pledging or disposition of all or any portion of investments, (h) expenses related to structuring, forming and maintaining investment vehicles and (i) any withholding, transfer or other taxes imposed on the Fund and the entities in which it owns direct or indirect interests (except to the extent such taxes are attributable

to, and actually borne by, a particular partner in the Fund); (xiv) all fees, costs and out-of-pocket expenses relating to un consummated investments not otherwise reimbursed by third parties ("Broken Deal Expenses") (net of any fees, costs and out-of-pocket expenses paid to the Fund, the EOS GPs, us or any of our respective affiliates relating to un consummated investments), including the fees and out-of-pocket expenses described above and including amounts that would otherwise have been borne directly or indirectly by potential co-investors were such investments consummated; (xv) all principal, interest, fees, costs, expenses and other amounts payable in respect of or in connection with borrowings, financings, guaranties or derivative transactions and the arranging thereof, including legal expenses, all fees, costs and expenses of any loan servicers and other service providers and of any custodians, lenders, investment bank and other financing sources and all fees, costs and expenses related to any hedging, swaps (or other derivatives), ratings, securitization or capitalization; (xvi) all fees, costs and expenses incurred for research or obtaining information for the Fund and all fees, costs and expenses associated with the Fund's information obtaining and maintaining technology (including the costs of any professional service providers), hardware/software (including, but not limited to, software or services used to manage risk, facilitate valuations or for other reporting or compliance purposes, and accounting software), data-related services (including, but not limited to, data management and recovery services), communication, market data and research (including news and quotation equipment and services), including costs of research groups and expenses and fees charged or specifically attributed or allocated by the Manager and/or its affiliates for data-related services provided to the Fund and/or the Fund's investments (including in connection with prospective investments); (xvii) all expenses relating to the operations of any feeder vehicle or alternative investment vehicle but excluding, for the avoidance of doubt, any organizational expenses incurred in connection with the formation of such feeder vehicle or alternative investment vehicle; (xviii) all fees, costs and expenses that are classified as extraordinary expenses under U.S. generally accepted accounting principles; (xix) fees, costs and expenses incurred in connection with administering side letters, including the distribution and implementation of any applicable elections pursuant to "most favored nation" or similar clauses; (xx) the costs of acquiring and maintaining insurance policies, including the costs of premiums with respect to cybersecurity insurance, directors and officers insurance or similar insurance for our employees, errors and omissions insurance and fidelity insurance and fidelity bonds (e.g., for ERISA and otherwise); (xxi) fees or expenses due or paid to any placement agent or financial advisors related to the formation of a subsidiary REIT and issuing customary preferred shares in such a subsidiary REIT, and any other professional fees or other costs or expenses incurred in connection with establishing a subsidiary investment vehicle; and (xxii) any other fees, costs, expenses, liabilities or obligations approved by the Fund's limited partner advisory committee. The Funds shall also be responsible for (1) any other third-party expenses similar to, and consistent with the intent of, the foregoing types of expenses and (2) all other fees, costs, expenses, liabilities or obligations that are authorized by the Funds' Governing Documents.

The applicable Governing Documents for certain of our Funds have provisions that allow those Funds to borrow money for investment and other purposes. Such borrowings may be made prior to capital being called from the applicable Fund's investors. This mechanism may defer investor capital calls and provides a form of leverage that can have the effect of amplifying a Fund's reported net internal rate of return (IRR), particularly in the early years of the Fund's investment cycle. Such borrowings can also accelerate the date upon which a Fund's preferred return will be achieved for purposes of determining when the applicable EOS GP (or any affiliate thereof which earn carried interest) is entitled to begin receiving carried interest payments on distributions from the Fund. Interest payments and other fees and expenses incurred in respect of such borrowings are Fund expenses and such expenses will decrease a Fund's net returns over time. The terms of each Fund's borrowing arrangements and borrowings outstanding, if any, are disclosed to Fund investors, including in the financial statements of each Fund.

As noted above, Broken Deal Expenses can be allocated to each Main Fund, including amounts that would otherwise have been borne directly or indirectly by potential co-investors had such transactions been consummated. Such co-investors include persons or entities with which we have pre-existing relationships, as well as co-investors that have participated in other completed transactions. By generally bearing the Broken Deal Expenses, the Main Funds provide a potential benefit to other co-investors in such Funds' investments.

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

Each EOS GP or an affiliate thereof is entitled to receive carried interest distributions from the relevant Fund. Carried interest is a performance-based form of compensation in which an EOS GP or an affiliate is entitled to receive a specified share of the profits earned by each Fund after its investors have realized a preferred rate of return on their investments in the Fund. Investors and prospective investors are encouraged to carefully review the Governing Documents for each Fund for details on how the carried interest is determined for such Fund.

Performance-based compensation arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. Performance-based compensation arrangements could also create an incentive for us to favor accounts with higher performance-based compensation rates over other accounts when allocating investments. We have adopted procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among them. In particular, it is our policy that all investment opportunities will, to the extent practicable, be allocated among the Funds on a basis that over time is fair and equitable to each Fund relative to other Funds, taking into account all relevant facts and circumstances. For additional information about our investment allocation policies, please refer to "Item 12 – Brokerage Practices" below.

Item 7. Types of Clients

Investors in the Funds are generally high net worth individuals and institutional investors that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933) and -either as "qualified purchasers" or "knowledgeable employees" (as defined under the Investment Company Act of 1940). The minimum initial investment in the Funds varies, but generally has ranged from \$5,000,000 to \$27,500,000. We may waive such minimums in our sole discretion.

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

Methods of Analysis and Investment Strategies

The investment objective of the Hospitality Funds is to provide attractive risk-adjusted returns for investors through the acquisition or funding of debt and equity investments in hospitality real estate assets. In pursuing this objective, we use an opportunistic investment strategy with a focus on real estate hospitality assets and real estate related companies in the United States, with a particular focus on major metropolitan areas and resort destinations. We expect to pursue a broad range of real estate hospitality related investments through the acquisition or funding of ownership interests in individual real estate assets, joint ventures, real estate investment trusts, real estate related operating companies, multi-

property portfolios, the issuance or acquisition of mezzanine financing and mortgage loans, and public securities related to real estate and real estate related companies.

The investment objective of the Residential Funds is to provide attractive risk-adjusted returns for investors through investments in residential real estate assets, including, but not limited to, multifamily, senior housing, affordable housing, manufactured housing, student housing, single-family rental and for-sale housing assets. These investments may take the form of acquisition, development or funding of ownership interests in individual real estate assets, joint ventures, real estate investment trusts, real estate related operating companies, multi-property portfolios, the issuance or acquisition of mezzanine financing and mortgage loans, and public securities related to real estate and real estate related companies, among other investments.

We will generally structure our investments in order to seek to (a) optimize risk-adjusted returns across the capital structure through debt and equity, (b) minimize tax leakage for tax sensitive investors, and (c) ensure competitiveness in the marketplace. All investments made by the Funds will undergo a detailed review process that is based on: (i) identifying strategic investment opportunities, (ii) executing a rigorous due diligence process utilizing proprietary analyses, (iii) structuring investments in a creative and flexible fashion, and (iv) typically, in the case of the Hospitality Funds, utilizing our hotel operating platform and expertise.

Risk Factors

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

Our investment strategy involves significant risks. A discussion of the material risks is provided below. No guarantee or representation can be made that a Fund will achieve its investment objective or that investors will receive a return of their capital. All investing involves a risk of loss and the investment strategies pursued by the Funds could lose money over short or even long periods of time. Prospective and existing Fund investors are urged to review the relevant Fund's Governing Documents carefully for full details on such Fund's investment, operational and other actual and potential risks and to consult with their own financial, legal and tax advisers before investing.

General Investment Risks. Investments in financial, real estate and other investment assets, including, but not limited to, investments in secured and unsecured debt, real estate-related operating companies, securities, real estate portfolios, single asset acquisitions, commercial mortgage-backed securities, joint ventures, development opportunities, tax exempt bonds, and limited partnership interests, are subject to various risks, including adverse changes in national or international economic conditions, local market conditions, availability or terms of debt financing, interest rates, governmental rules and fiscal policies, and energy prices, as well as risks due to dependence on cash flow, acts of God, unforeseen events, uninsurable losses, and other factors which are beyond the control of us or the Funds.

Market Disruptions. A public health crisis (such as the COVID-19 pandemic), geopolitical developments (such as the war in Ukraine, other wars, global superpower competition, sanctions, cyberattacks, embargoes and nationalization of assets), and other financial market developments, (such as inflation or a rising interest rate environment), can have unpredictable and adverse impacts on global, national and local economies, which can in turn negatively impact a Fund and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines, shipping, flight or export bans, or other restrictions) or, more generally, a failure to contain or effectively manage any such crisis, may adversely impact the businesses of a Fund's properties. In addition, such disruptions can negatively impact our

ability to effectively identify, monitor, operate and dispose of investments. Finally, such events may contribute to extreme volatility in financial markets. Such volatility could adversely affect our ability to raise capital for a Fund, find financing for a Fund's investments or identify potential purchasers of a Fund's investments, all of which could have a material and adverse impact on a Fund's performance. The impact of any such crisis (or any such future event) is difficult to predict and presents material uncertainty and risk with respect to a Fund's performance.

Acquisition, Repositioning, Redevelopment and Development Risks. Investment in real estate entails the risk that the property will fail to perform in accordance with expectations, including operating expectations. Redevelopment and new project development are subject to numerous risks of construction delays, cost overruns, *force majeure* or insolvency of building contractors and professional teams that may increase project costs, new project commencement risks, such as the receipt of zoning, planning, occupancy and other required governmental approvals and permits, and the incurrence of development costs in connection with projects that are not pursued to completion. We anticipate that certain of the Funds' acquisitions, repositionings, redevelopments and developments may be financed using the proceeds of lines of construction loans that will have less advantageous terms than permanent debt financings. Use of those forms of financing will result in a risk that permanent financing for those projects might not be available or would be available only on disadvantageous terms. If permanent debt financing is not available on acceptable terms to refinance projects undertaken without permanent financing, further investments may be curtailed and cash flows may be adversely affected.

Defects. Fund investments may have design, construction or other defects or problems that require unforeseen capital expenditures, special repair or maintenance expenses, or the payment of damages to third parties. Engineering, seismic and other reports on which each Fund relies as part of its pre-acquisition due diligence investigations of these investments may be inaccurate or deficient, at least in part because defects may be difficult or impossible to ascertain. Statutory or contractual representations and warranties made by various sellers of investments that each Fund acquires may not protect a Fund from liabilities arising from property defects. Furthermore, after selling an investment, a Fund may continue to owe a statutory warranty obligation to the purchaser if any latent defects in such property are subsequently discovered.

Risks of Real Estate Ownership. Any interest in real property, including ownership in vehicles that hold real estate assets, is subject to the risks generally incident to the ownership of real property. Real estate historically has experienced significant fluctuations and cycles in value, and is subject to local market conditions that may result in reductions in the value of real property interests. The marketability and value of the Funds' real property interests will depend on many factors beyond our control, including:

- National, regional and local economic conditions (which may be adversely impacted by plant closings, business layoffs, industry slow-downs, weather conditions, natural disasters and other factors);
- Local real estate conditions (such as competition from other owners or operators of real estate assets, oversupply of, or insufficient demand for, real estate assets);
- Perceptions by prospective guests of the convenience, services, safety and attractiveness of the properties;
- Increases in costs of maintenance, insurance, compliance with laws and regulations, and other operating expenses (including energy costs, real estate taxes and compliance with the Americans with Disabilities Act);

- Change in applicable laws or regulations (including tax laws, land-use and zoning restrictions, rent controls or building codes);
- Potential environmental and other legal liabilities;
- Changes in interest rate levels;
- The availability and cost of certain construction materials;
- The availability and cost of refinancing that may render the sale or refinancing of a property difficult;
- The financial condition of buyers and sellers of properties;
- The fact that real estate investments generally cannot be sold quickly; and
- Various uninsured or uninsurable risks and acts of God, natural disasters, terrorism and uninsurable losses.

In addition, general economic conditions, as well as conditions of domestic and international financial markets, may adversely affect the operations of the Funds.

Risks Associated with Commercial Properties. A large number of factors may adversely affect the value of commercial properties, including the physical attributes of the property in relation to competing properties (e.g., age, condition, design, appearance, location, access to transportation and ability to offer certain amenities); the physical attributes of the property with respect to the technological needs of the guests, including the adaptability of the property to changes in the technological needs of the guests; the desirability of the area as a business location; the strength and nature of the local economy, including labor costs and quality, tax environment and quality of life for employees; and an adverse change in population and employment growth.

Risks Associated with Hotel Properties. The Hospitality Funds primarily invest in hotels. Various factors generally adversely affect the economic performance of a hotel, including: adverse economic and social conditions, either local, regional or national (which may limit the amount that can be charged for a room and reduce occupancy levels); construction of competing hotels or resorts; continuing expenditures for modernizing, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives; a deterioration in the financial strength or managerial capabilities of the owner and operator of the hotel; changes in travel patterns caused by changes in access, energy prices, strikes, relocation of highways, the construction of additional highways, concerns about travel safety (including as a result of outbreaks of infectious diseases); and competition with other hotels, which may have superior marketing and financing resources; and competition and pricing pressure from internet wholesalers and distributors. Because hotel rooms generally are rented for short periods of time, the financial performance of hotels tends to be affected by adverse economic conditions and competition more quickly than other commercial properties. Additionally, terrorist attacks, pandemics and public concerns about these items generally adversely affect occupancy rates, and accordingly, the financial performance of hotel properties. Moreover, the hotel and lodging industry is generally seasonal in nature and different seasons affect different hotels depending on type and location. This seasonality can be expected to cause periodic fluctuations in a hotel property's room and restaurant revenues, occupancy levels, room rates and operating expenses. In that respect, limited-service hotels generally offer fewer amenities than full-service hotels and are less distinguishable from each other. As a result, it is easier for limited-service hotels to experience increased or unforeseen competition. Liquor licenses generally for most hotel properties are held by affiliates of the owners, unaffiliated managers or operating lessees. The laws and regulations relating to liquor licenses generally prohibit the transfer of such licenses to any person. In the

event a Fund purchases a hotel property that holds a liquor license, the Fund would likely be required to apply for a new license, which might not be granted or might be granted only after a delay that could be significant. There can be no assurance that the lack of a liquor license in a full-service hotel would not adversely impact the revenue from the related property or the hotel's occupancy rate. The performance of hotel properties, as compared to that of other classes of real estate assets, is subject to greater risk from fluctuations in labor and other operating costs and from labor disturbances and shortages of labor. Increases in operating costs due to inflation, which increases may not have been offset in recent years, may not be offset in the future by increased room rates.

If capital expenditures required for refurbishment of furniture, fixtures and equipment for hotel properties exceed a Fund's expectations, there can be no assurance that sufficient sources of financing will be available to fund such expenditures. The Funds have acquired in the past, and will likely in the future acquire, hotels that require significant renovation. Renovation of hotels involves certain risks, including the possibility of environmental problems, construction cost overruns and delays.

Hotels in which the Funds invest will occasionally be operated pursuant to franchise agreements. The continuation of such franchise agreements is subject to specified operating standards and other terms and conditions. Action or inaction on the part of the Funds could result in a breach of such standards or other terms and conditions of such franchise agreements and could result in the loss or cancellation of a franchise license, which could have an adverse impact on a Fund's investment.

A significant percentage of hotel rooms for individual guests is booked through internet travel intermediaries. The hotel operators that operate the hotels in which the Funds invest generally contract with such intermediaries and pay them various commissions and transaction fees for sales of rooms through their systems. If such bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant concessions.

Hotels in which the Funds invest will also include retail space. Several factors may adversely affect the value and successful operation of retail space within a hotel property, including, but not limited to: changes in consumer spending patterns; local competitive conditions; alternative forms of retailing; the safety, convenience and attractiveness of the property to tenants and their customers or clients; the need to make major repairs or improvements to satisfy the needs of major tenants; and traffic patterns and access to major thoroughfares. If the sales by tenants in such retail space were to decline, the rents that are based on a percentage of revenues may also decline, and tenants may be unable to pay the fixed portion of their rents or other occupancy costs.

Risks Associated with Residential Properties. The Residential Funds primarily invest in residential properties. A large number of factors may adversely affect the value and successful operation of a residential property, including physical attributes of the property such as its age, condition, design, appearance, access to transportation and construction quality; the safety, convenience and attractiveness of the property and neighborhoods where the properties are located (for example, a change in the neighborhood over time or proximity to newly-constructed commercial areas); the types of services or amenities that the residential property provides; the property's reputation; the level of mortgage interest rates, which may encourage tenants to purchase rather than lease housing; the presence of competing residential properties; the tenant mix (such as the tenant population being predominantly students or heavily dependent on workers from a particular business); any reliance upon governmental programs that provide rent subsidies/assistance to tenants pursuant to tenant voucher programs, which vouchers may be used at other residential properties and influence tenant mobility; and state and local regulations.

The Residential Funds, and the properties in which they invest, may also be adversely affected if tenants were unable to pay rent or if units were unable to be rented on favorable terms. Adverse local or national economic conditions or other factors may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels. If The Residential Funds are unable to promptly relet or renew the leases for a significant number of residential units, or if the rental rates upon such renewal or reletting were significantly lower than expected rates, then the Residential Funds could be adversely affected. In addition, certain expenditures associated with each residential property (such as real estate taxes, insurance premiums, utilities and maintenance costs) generally are not reduced when circumstances cause a reduction in income from such residential property.

In addition, certain jurisdictions regulate the relationship of an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions and restrictions on a resident's choice of unit vendors. For example, apartment building owners have been the subject of suits under state "Unfair and Deceptive Practices Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. A few jurisdictions offer more significant protection. For example, laws or regulations in some jurisdictions limit the bases on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state and provincial regulation of the landlord-tenant relationship, numerous counties and municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration.

The Residential Funds' may invest in residential properties that include individual units intended for sale to separate buyers. A Residential Fund may be unable to sell all the units at a property or the completion of such sales may be significantly delayed. The market for units may be adversely impacted by an economic downturn, the unavailability of affordable financing to prospective buyers, the oversupply of similar units in the relevant geographic area or other factors.

The Residential Funds' investments may include condominium properties. A condominium property is subject to risks relating to the managerial capabilities of the relevant board of managers (or comparable governing body) of such property. A board of managers of a condominium building has broad discretion to make decisions concerning the operations of the building, including assessments to be paid by the unit owners, insurance to be maintained on the building, restoration following a casualty and many other decisions that affect the value of such building. There is no assurance that the Residential Funds will have any control over decisions made by the relevant board of managers or that the board of managers will always act in the best interests of such Funds, as the board of managers must consider the rights of unit owners, the documents governing the management of the condominium units and the state and local laws applicable to condominium units.

Investments in Operating Companies. The Funds may target investments in companies that manage or operate hospitality or residential real estate assets. Companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may have a high level of leverage, or may otherwise have a weak financial condition. In addition, these companies may face intense competition, including competition from other real estate management companies with greater financial resources, more

extensive operational capabilities, and a larger number of qualified personnel.

Although we intend to target investments in hotel or residential property operators that have strong management teams, there can be no assurance that any such operator's management team will be able to operate successfully. In addition, instances of fraud and other deceptive practices committed by the management team of a real estate property operator in which the Funds have an investment may undermine our due diligence efforts with respect to such operators. If such fraud 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.

Minority Investment in Companies. The Funds may acquire minority stakes in companies which, directly or indirectly, hold or operate real estate assets. Such investments are likely to involve risks not present in direct property investments. For example, such investments may not give the Funds the ability to influence the management of the company or to elect a representative to the company's board of directors. In addition, the management of the company or its shareholders may have economic or business interests which are inconsistent with those of the Funds, and they may be in a position to take action contrary to the objectives of the Funds.

Injury Claims. Each Fund, or the entities in which it invests, could incur liabilities resulting from loss or injury to the properties in which such Fund invests or to persons who are at such properties. These losses could be attributable to the Fund or result from actions taken by a real estate asset operator or management company. Claims such as these, whether or not they have merit, could harm the reputation of a property or cause a Fund to incur expenses to the extent of insurance deductibles or losses in excess of policy limitations, which could harm the returns to such Fund.

The property operators in which the Funds invest could incur future liabilities resulting from claims by employees. While these claims are, for the most part, covered by insurance, some claims (such as claims for unpaid overtime wages) generally are not insured or insurable. These claims, whether or not they have merit, could harm the reputation of a property or cause the Funds to incur losses which could harm their results of operations.

Risks of Investments in Real Estate Debt. The Funds may invest in a variety of real estate-related debt investments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real property investments, the Funds will be subject to a variety of risks in connection with such debt investments, 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 each Fund's exercise of contractual remedies for defaults of such investments.

Risks of Mortgage Investments. The Funds will likely originate, participate in and/or acquire real estate loans that are non-recourse to the borrower. Mortgage investments have special inherent risks relative to collateral value. To the extent a Fund makes or acquires subordinated or "mezzanine" debt investments, the Fund does not anticipate having absolute control over the underlying collateral as the Fund will be dependent upon third-party borrowers and agents and will have rights that are subordinate to those of senior lenders. In certain circumstances, a Fund's loan may not be secured by a mortgage, but instead by partnership interests or other collateral that may provide weaker rights than a mortgage. In any case, in the event of default, each Fund's source of repayment will be limited to the value of the collateral and may be subordinate to other lienholders. The collateral value of the property may be less

than the outstanding amount of the Fund's investment. In cases in which a Fund's collateral consists of partnership or similar interests, the Fund's rights and level of security may be less than if it held a mortgage loan. Returns on an investment of this type depend on the borrower's ability to make required payments and, in the event of default, the ability of the loan servicer to foreclose and liquidate the mortgage loan.

Non-Performing Loans; Foreclosure Process. The Funds may purchase whole or partial interests in non-performing loans, which by their nature are risky. Not only are such loans non-performing, but by purchasing partial interests and debt interests, the Funds may not have control over the workout process and the management of the real estate assets. There can be no assurance that such acquisitions will be successful.

Real estate loans acquired by the Funds may be at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such a real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that we may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by the Funds. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states and non-United States countries, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, a borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Lender Liability Considerations; Equitable Subordination. In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively termed "[lender liability](#)"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Although it is unlikely that the Funds will engage in conduct that they expect would form the basis for a successful cause of action based upon lender liability, the potential for such a cause of action exists and consequently, may adversely impact the Funds.

In addition, under common law principles that in some cases form the basis for lender liability, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) uses its influence to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Although it is not intended that the Funds will engage in conduct that would form the basis for a successful cause of

action based upon the equitable subordination doctrine with respect to the Funds, the potential for such a cause of action exists and consequently, may adversely impact the Funds.

Credit Risks. Each Fund's investments could lose money if the issuer or guarantor of a fixed income security is unable or unwilling, or is perceived by market participants, rating agencies, pricing services, or others, as unable or unwilling to make timely principal and/or interest payments, or otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in their credit ratings. The downgrade of the credit of a security held by a Fund may decrease its value. "Opportunistic" assets are generally considered to have significant credit risk. With respect to the financing strategies and hedging services described in the Funds' Governing Documents, the Funds may also be subject to the risk that a counterparty to a financing arrangement or derivatives contract may be unable or unwilling to honor its obligations as a result of the counterparty's financial condition or insolvency.

Impact of Governmental Regulation and Legislative Changes. Governmental authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use, zoning, planning restrictions, environmental protection, safety and other matters. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, investments.

Any legislation and its interpretation, and the legal and regulatory regimes that apply in relation to a Fund and/or an investment in a Fund, may change during the life of each Fund. Accounting practice may also change, which may affect, in particular, the manner in which investments are valued and/or the way in which income or capital gains are recognized and/or allocated by the Funds.

Regulatory and Other Consents. An investment in a Fund may require the approval of governmental authorities and, in some cases, consent of third parties. There can be no assurance that any such approvals and consents will be obtained on a timely basis, if at all. The need to obtain such approvals and consents and otherwise to comply with regulatory requirements may cause significant delays in any development or renovation process, exacerbating the risk that changes in the local market will render a project economically unattractive.

Difficulty Identifying Investments; Competition Risks. The success of each Fund depends, in large part, on the availability of a sufficient number of investment opportunities that fall within the Fund's investment objectives and our ability to identify, negotiate, close, manage and exit those investment opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty, especially with respect to timing. A Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives and the performance of each Fund may be adversely affected if the Fund is unable to identify or consummate an appropriate volume of investment opportunities.

The Funds are likely to compete for desirable properties with other real estate investment partnerships and vehicles, various types of financial institutions, family groups and wealthy individuals, some of which may have capital and resources greater than those available to the Funds. Those entities, organizations and individuals may invest in promising opportunities before a Fund is able to do so, or their competitive offers to invest may drive up prices of potential acquisition opportunities, thereby limiting suitable investment opportunities. Therefore, there can be no assurance that any Fund will make a sufficient number of attractive investments in order to deploy the aggregate commitments completely or profitably.

Reliance on Third Parties. The Funds may make investments through partnerships, joint ventures or other entities. Such investments may involve risks not present in investments where a third party is not involved, including, for example, the possibility that a co-investor or investor in a Fund may become bankrupt, or may at any time have economic or business interests or goals which are inconsistent with those of the Fund, or that such co-investors or investors may be in a position to take action contrary to a Fund's objectives. In addition, a Fund may be liable in certain circumstances for actions of its co-investors or investors.

Potential Environmental Liability. Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability 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 therefore 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, may adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral.

Persons or entities that arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of hazardous or toxic substances at the disposal or treatment facility, whether or not that facility is owned or operated by the person arranging for the disposal or treatment of hazardous or toxic substances. In connection with the ownership, operation, management and development of the properties, the Funds may be potentially liable under these laws and may incur costs in responding to these liabilities.

Climate Change Risk. One or more of the Funds' investments may be susceptible to physical and operational impacts of potential climate change in the area where they are located. Failure to assess this risk properly could result in higher expenses and/or lost revenue that will negatively affect the value of such investments and therefore reduce or eliminate anticipated profits and jeopardize the return of principal. The risk of climate change may also impact future investments by the Funds, as we may choose to not pursue otherwise attractive investment opportunities in areas where climate change is more likely to occur.

Potential Future Terrorist Activity. It is possible that one or more of any Fund's investments will be directly or indirectly affected by a terrorist attack. An attack could have a variety of adverse effects on the business and performance results of one or more of a Fund's investments or subsequently acquired investments, including risks and costs related to the destruction of property, inability to use one or more investments for their intended uses for an extended period, decline in rents achievable or property value and injury or loss of life, as well as litigation related thereto. Such risks may not be insurable or subject to increased insurance premiums and deductibles that we deem uneconomic. It is not possible to predict the severity of the effect that any of these future events would have on the U.S. financial and insurance markets and economy or a Fund's investments. In addition to the potential direct impact of any such future act, future terrorist attacks and the anticipation of any such attacks could have an adverse impact on the U.S. financial and insurance markets and economy, thus harming demand for and the value of the Funds' investments.

Liquidity of Investments. The investments to be made by the Funds will generally be highly illiquid compared to other asset classes. The eventual liquidity of all investments of the Funds will be dependent

upon the success of the realization strategy proposed for each investment, which could be adversely affected by a variety of risk factors. Realization of investments on termination or otherwise could be a process of uncertain duration. Furthermore, any investments that are held in a joint venture where a Fund's stake is 50% or less may prove more difficult to realize. The realization price for such a joint venture stake may also differ from the fair market value of the investment.

Operating Risks. Each Fund's investments will be subject to operating risks, including competition from other redevelopments or developments, excessive building of comparable properties, decreases in population or increases in unemployment in the markets in which the properties are located, increases in operating costs due to inflation and other factors (which increases may not necessarily be offset by increased room rates or rents). If operating expenses increase, the local markets may limit the extent to which room rates or rents may be increased to meet increased expenses without decreasing occupancy rates.

Force Majeure Risks. Each Fund's investments may be subject to catastrophic events and other force majeure events during their development, redevelopment, repositioning and stabilized phases. Those events could include fires, floods, earthquakes, adverse weather conditions, assertion of eminent domain, strikes, wars, riots, terrorist acts, acts of God and similar risks. Those events could result in the partial or total loss of an investment or significant down time resulting in lost revenues, among other potentially detrimental effects. Force majeure risks are generally uninsurable and, in some cases, agreements can be terminated if the force majeure event is so catastrophic that it cannot be remedied within a reasonable time period. While the Funds will seek to utilize insurance and other risk management techniques (to the extent available on commercially reasonable terms) to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, it may not always be practicable or feasible to do so. Moreover, it may not be possible to insure against all such risks, and insurance proceeds may be inadequate.

Insolvency Risk and Bankruptcy Considerations. The insolvency of any one or more investments could have a material and adverse effect on a Fund and its operations and ability to achieve its investment objectives.

Under certain circumstances, payments to the Funds in respect of certain investments in real estate assets operating in workout mode or under applicable bankruptcy or corporate insolvency laws, and distributions by the Funds to investors may be challenged or reclaimed by a trustee in bankruptcy (or similar officer) if any such payment or distribution is later determined to have been, for example, a transaction to delay or hinder creditors or a preference under applicable bankruptcy or corporate insolvency laws. Numerous other risks also arise in workout and bankruptcy contexts.

Risk of Uninsured Losses. Each Fund's liability, casualty and other insurance policies with respect to the properties in which it has an interest are subject to customary limits on and exclusions from coverage. Should an uninsured loss or a loss in excess of insured limits occur, a Fund could lose its capital invested in the applicable property, as well as the anticipated future revenue from the applicable property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the applicable property. Accordingly, an uninsured loss or a loss in excess of insured limits could adversely affect the Funds.

Costs and Expenses. Each Fund's investments generally will be subject to increases in operating costs and expenses, such as insurance and administrative costs, and other general costs associated with security,

landscaping, repairs and maintenance. Although we generally will endeavor to pay all costs and expenses attributable to the Funds out of sums distributable to the investors (or from reserves established to pay anticipated costs and expenses), there can be no assurance that such distributions or reserves will be sufficient to pay all such costs and expenses. There is also not a guarantee that competition in the local markets will not limit the extent to which hotel room rates or residential rental rates may be increased to meet additional expenses without decreasing occupancy rates. To the extent that such distributions or reserves are not sufficient to pay all costs and expenses, the Funds may need to call upon undrawn commitments and/or sell or increase the leverage upon all or some investments, to pay such costs and expenses.

Contingent Liabilities on Dispositions of Investments. In connection with the disposition of certain assets, the Funds may be required to make representations about such assets typical of those made in connection with the sale of similar assets or may be responsible for the contents of disclosure documents under applicable securities laws. The Funds may also be required to indemnify the purchasers of such assets to the extent that any such representations are determined to be inaccurate or misleading. These arrangements may result in the incurrence of contingent liabilities for which the EOS GPs may establish reserves or escrows and that might ultimately need to be funded by investors. In that regard, investors may be required to return amounts distributed to them to satisfy the obligations of the Funds, subject to the limitations set forth in their Governing Documents.

Valuation Risks. As the Funds will typically invest in assets that are not readily marketable, the determination of fair market value will be based upon appraisals and estimates that may vary from actual amounts realized upon the dispositions of the assets being valued. Real estate assets are inherently difficult to value. There is no assurance that the estimates resulting from the valuation process will reflect the actual sale price even where such sales occur shortly after the valuation date.

Litigation. The acquisition, ownership and disposition of real properties carry certain litigation risks, which could result in losses to the Funds. Litigation may be commenced with respect to a property acquired by a Fund or its subsidiaries in relation to activities that took place prior to the Fund's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of the Fund's efforts to maximize sale proceeds. Similarly, successful buyers may later sue a Fund under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence. The Funds may also be exposed to litigation resulting from the activities of tenants or their customers.

Lack of Diversification. Diversification is not an objective of the Funds. Each Fund's portfolio will include a small number of investments, each with a significant portion of the Fund's aggregate capital commitments invested. An adverse change in any one or more investments could have a material adverse effect on a Fund overall due to the concentrated nature of its portfolio. Additionally, to the extent a Fund concentrates its investments in a limited number of properties, geographic areas or types of assets, the Fund will be subject to certain risks relating to concentrated investments.

Investments Longer than Term. A Fund may make investments that cannot be advantageously disposed of prior to the end of its term. Although we expect that most investments will be disposed of prior to the end of the term of each Fund, a Fund may need to sell, distribute or otherwise dispose of investments at

a disadvantageous time during the winding-up period. In addition, although during the winding-up period of the Funds, the EOS GPs (or the relevant liquidator) will attempt to reduce to cash and cash equivalents such assets of the Funds as we or such liquidator will deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to investors will occur.

Broken Deal Costs. Investing in real estate investments often means that considerable expense will be incurred without acquiring the target investment. For example, the Funds may incur costs in undertaking due diligence and obtaining various reports in relation to potential investments that do not proceed. In addition, conditions precedent may not be satisfied and transactions may be aborted after material expense has been incurred. All such expenses will be payable by the Funds and may reduce the returns that would otherwise be received by an investor.

As noted in Item 5 above, co-investors in one or more specific investments will not necessarily be required to share in Broken Deal Expenses, either with respect to a co-investment opportunity that is not consummated or with respect to other potential investments that may be offered to the Funds. Such co-investors include persons or entities with which we have pre-existing relationships, as well as co-investors that have participated in other completed transactions. Such co-investors participate in, and benefit from, the general sourcing of transactions by us and the Funds.

Borrowing and Guarantees of the Funds. Subject to certain limitations set forth in each Fund's Governing Documents, each Fund may, from time to time, borrow at the Fund-level or at a subsidiary of the Fund (including at an investment entity) on a secured or unsecured basis. We intend to evaluate whether it is prudent and appropriate to incur such leverage and there can be no assurance that leverage will be incurred given that adverse economic factors, such as a significant rise in interest rates, may cause us, in our discretion, to elect not to incur leverage.

In connection with any leverage used by the Funds, the borrowers thereon typically are required to make certain representations and warranties to one or more lenders. The borrowers thereon may also be required to indemnify the lenders in case any such representations and warranties are inaccurate. These arrangements may create contingent liabilities of a Fund and/or its subsidiaries, for which the EOS GPs may establish reserves or escrow accounts in which investors would be required to fund a *pro rata* share. Additionally, if one or more banking institutions, which are a party to such leverage arrangement, fails to fund a request (or any portion of such request) by a Fund to borrow money, the Fund's ability to make investments, fund operations and pay debt service could be reduced, each of which could adversely affect the Fund's operations.

The extent to which any Fund or its subsidiary (including an investment entity) uses leverage may have important consequences to investors, including, but not limited to, the following: (i) greater fluctuations in the value of the net assets of the Fund, (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes, (iii) increased interest expense on variable-rate borrowings if interest rate levels were to increase, (iv) in certain circumstances, prematurely disposing of investments to service the Fund's debt obligations, and (v) limitation on the flexibility of the Fund to make distributions to its investors or sell assets that are pledged to secure the indebtedness. There can be no assurance that any Fund will have sufficient cash flow to meet its debt service obligations. As a result, each Fund's exposure to losses may be increased due to the illiquidity of its investments generally.

Each Fund, subsidiaries thereof, the EOS GPs or their respective affiliates may guarantee obligations or provide letters of credit or other credit support to facilitate investments, and there can be no assurance that such guarantees or letters of credit will not have adverse consequences for the Funds.

Capital Not Yet Drawn. Although we believe that all investors will have the financial ability to meet their capital commitments, there can be no assurance that all capital commitments will be honored. To the extent that some investors do not honor their capital commitments, a Fund may make drawdowns from the remaining investors to a larger extent or earlier than it otherwise would. In addition, to the extent an investor fails to fund a drawdown on its capital commitment, a Fund may, in certain circumstances, be forced to increase its leverage or breach its contractual obligations and may be subject to liability stemming from potential breach of contract and tort claims. In addition, the receipt of significantly less capital than anticipated may also affect the ability of a Fund to meet its diversification objectives.

Possible Lack of Capital for Follow-On Investments. Following its initial investment in a project or joint venture, a Fund may have the opportunity to increase its investment or may be asked to provide additional funds. Although we intend to establish sufficient reserves for each Fund's follow-on activities, there can be no assurance that any Fund will wish to make follow-on investments or that it will have sufficient undrawn capital to make such follow-on investments. Any decision by a Fund not to make follow-on investments or its inability to make a follow-on investment may result in a missed opportunity to participate in an attractive investment, or it may have a substantial negative impact on a project or joint venture in need of such an investment, or may diminish the Fund's ability to influence the future development of the project or joint venture.

Operational and Information Security Risk from Cyberattacks. We, our affiliates and our respective service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyberattacks affecting us, our affiliates and/or our respective service providers may adversely impact our clients. For instance, cyberattacks may interfere with the processing of investor transactions, impact the ability to calculate a Fund's net asset value, cause the release of private investor/client information or other confidential information, impede trading, subject clients and their service providers to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for the Funds and may cause the Funds' investments to lose value. The Funds and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

Potential Conflicts of Interest

Other Activities of the Management Team. Our senior managers and other employees may work on multiple projects that require a significant portion of their time and may spend the time on matters other than, or only tangentially related to, the Funds. In particular, (ia) members of our senior management team currently devote some of their time to other investment vehicles managed by us, and (iib) our hospitality management affiliate currently serves as a third-party manager for hospitality properties that are not owned by the Funds and intends to continue entering into such management arrangements as a material part of our affiliate's business. In addition, members of our senior management team may in the

future organize and manage one or more investment vehicles with objectives similar to, or different from, those of the Funds. Conflicts of interest may arise in allocating time, services, or other resources among the Funds and our employees' other investment activities, including our other investment vehicles. Our senior management team may need to devote time, focus and attention to multiple time-sensitive matters across the Funds. In such circumstances, a Fund may not receive the same support and assistance from the senior management team it would have otherwise received if the senior management team were solely focused on such Fund. Additionally, in performing services for the Funds, members of the management team may develop or come into possession of information about properties, the hospitality industry, residential real estate and related markets that may be used in connection with other projects, including those undertaken by us, in which the Funds do not have an interest (and from which the Funds do not benefit). Except as explicitly set forth in the applicable Governing Documents, the members of the management team are not precluded from conducting investment activities unrelated to the Funds and will continue to devote time and attention to other investment activities, as applicable.

Co-Investments. We expect to offer to co-investors the opportunity to invest in all or a portion of the investments to be made by the Main Funds. As a result, there will likely be circumstances in which an amount that could have otherwise been invested by a Main Fund is instead allocated to co-investors. We will take into account various facts and circumstances deemed relevant in allocating co-investment opportunities to co-investors including, but not limited to, (i) co-investment rights (ii) expressed interest in co-investment opportunities, (iii) expertise of the prospective co-investor in the industry to which the investment opportunity relates, (iv) perceived ability to quickly execute on transactions, (v) tax, regulatory, securities laws and/or other legal considerations, (vi) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity, (vii) perceived ease of process in coordinating or completing the investment with the prospective co-investor, (viii) our perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair our ability to execute the relevant transaction in the desired time or on desired terms, (ix) size of the investment allocation and practicality of dividing it up among multiple co-investors, (x) perceived public relations and reputational benefits or costs, (xi) whether we believe that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Funds or to us, and (xi) whether the prospective co-investor is our employee or seed investor in the Funds.

We expect to establish Co-Investment Vehicles for participants in such co-investment opportunities. The existence of these vehicles will reduce the opportunity for investors who are not co-investors to receive allocations of co-investments.

Each co-investment opportunity will be offered to co-investors on such terms and conditions (including with respect to management fees, performance-based compensation/carried interest and related arrangements and/or other fees applicable to co-investors) as set forth in each co-investor's commitment agreement with respect to such co-investment opportunity and the organizational documents of the applicable co-investment vehicles. We may agree with co-investors to more favorable rights or pre-negotiated terms with respect to co-investment opportunities, including with respect to discounts or rebates of performance-based compensation/carried interest or management fees.

The Funds and any co-investors will likely often have different investment objectives and limitations, such as return objectives and maximum hold periods. As a result, we will have conflicting incentives in making

decisions with respect to such opportunities. Even if the Funds and any such parties invest in the same securities on similar terms, conflicts of interest will still arise as a result of differing investment profiles of the co-investors, among other items.

The management fees, performance-based compensation/carried interest and other fees received by us or our affiliates from and the amount of expenses charged to the Funds may be less or more than such amounts paid by or charged to co-investment vehicles pursuant to the terms of the relevant co-investors' commitment agreements or the organizational documents of the applicable co-investment vehicles, and such variation in the amount of fees and expenses may create an economic incentive for us to allocate a greater or lesser percentage of an investment opportunity to the Funds or such co-investment vehicles or co-investors, as the case may be. Any such incentives would from time to time give rise to conflicts of interest. In addition, there will be circumstances where an amount that could have otherwise been invested by a Main Fund is instead offered to co-investors even though the full diversification limitation under the applicable Governing Documents has not been reached. An allocation of an investment opportunity to co-investors can be expected over time to increase our assets under management (and thereby may result in the payment of additional fees that would not have been earned in the absence of the allocation of opportunities to co-investors).

Additionally, we have entered into, and may in the future enter into, arrangements or strategic relationships with third parties that invest alongside the Funds. It is possible that investment opportunities that could otherwise be presented to, or made by, the Funds would instead be referred to any such third party.

Further, a Fund may co-invest alongside any other predecessor or successor Funds managed by us, without obtaining the approval of the Fund's limited partner advisory committee, in a manner that we determine, in our sole discretion, to be fair and reasonable. As a result of the foregoing, a Fund may not receive the full allocation of any investment opportunity that falls within the Fund's investment objective.

Other Benefits. It is expected that properties owned by the Funds will provide discounts and other benefits to us, our employees and our investors including, but not limited to, discounted room rates and discounted rates on meeting room rentals. Such discounts or benefits will not be subject to any fee offset arrangement or otherwise shared with a Fund, its investors, or the properties owned by a Fund.

Diverse Investor Group. The Funds' investors may include both taxable and tax-exempt entities, as well as persons or entities that are organized in various jurisdictions and that otherwise may have conflicting investment, tax or other interests. As a result, conflicts of interest may arise in connection with, among other things, the nature of the investments made by the Funds, the structuring or acquisition of investments and the timing or the manner of dispositions of investments. Decisions made by us with respect to the foregoing may be more beneficial for one type of investor in the Funds than for another type of investor.

In that regard, the Fund may make one or more investments through an entity treated as a REIT for U.S. federal income tax purposes, instead of making such investments through one or more subsidiaries, special purpose vehicles or other investment vehicles that are not REITs, or through multiple REITs. Holding investments through a REIT may provide benefits (or greater benefits) to certain investors but not others. In determining how to structure and dispose of investments, including whether to hold such investments through a REIT, whether to hold such investments through one REIT or multiple REITs, whether to capitalize a REIT or a U.S. blocker corporation with shareholder loans, or whether to dispose

of an Investment held through a REIT by sale of the equity interests in the REIT itself, we may take into account the benefits of a particular structure or method of disposition to certain investors but not others. For example, disposing of an investment held through a REIT via a property-level sale, as opposed to a sale of the equity interests in the REIT itself, could result in less favorable tax consequences to certain non-U.S. investors than would have been the case in the event of a sale of the equity interests in the REIT itself. We generally have sole discretion as to the manner in which we structure, capitalize and dispose of investments and there can be no assurance that we will take into account the benefits provided by a particular structure or method of disposition to certain investors. Subject to the foregoing, in selecting investments appropriate for a Fund and structuring such investments, we will consider the investment, tax or other objectives of the Fund as a whole, not the investment, tax or other objectives of any investor in the Fund individually.

Carried Interest. The Funds must hold certain types of investments for more than three years in order for the carried interest in respect of such investments to be taxed at long-term capital gains rates even though an individual investor generally would be entitled to be taxed at long-term capital gains rates in respect of such investments as long as the Funds held the investments for more than one year. This difference in holding periods may create an incentive for us to structure the disposition of an investment in a manner that is more favorable to us and/or cause the Funds to hold an investment for longer than they otherwise would and defer or delay dispositions of investments until achieving the three-year holding period.

Potential Conflicts in Calculation and Allocation of Certain Fund Costs and Expenses. The Funds' Governing Documents generally provide that the Funds will be responsible for all costs and expenses in connection with their operations, other than the costs and expenses that will be our responsibility or the responsibility of other third parties. A conflict of interest could arise in our determination of whether certain costs or expenses that are incurred in connection with the operation of the Funds qualify as Fund expenses for which the Funds are responsible, or whether such expenses should be borne by us. The Funds will be reliant on our determinations in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as among the Funds and our affiliates.

Side Letters. As noted in Item 4 above, in connection with or as a condition to an investor's agreement to invest in a Fund, the Fund or its general partner may from time to time enter into a "side letter" or similar agreement with an institutional or other investor pursuant to which the Fund or its general partner grants the investor specific rights, benefits or privileges that are not generally made available to all investors. Such rights, benefits or privileges include waivers or discounts on management fees and/or carried interest, "most favored nation" clauses, preferential access to co-investment opportunities, the right to be excused from participating in certain investments made by a Fund, notice rights upon the occurrence of certain events, seats on a Fund's limited partner advisory committee, specialized or additional reporting rights, rights related to tax treatment, rights related to regulatory matters, rights related to immunities or indemnification, rights related to the ability of the investor to transfer its interest in the Fund, additional representations and warranties from the Fund, its general partner and/or us, modifications to the subscription agreement and other benefits. While the ability of a Fund or its general partner to enter into a side letter or similar agreement affording preferential rights to certain investors is generally disclosed to other investors in the Fund, the terms of such "side letters" or similar agreements are generally not disclosed to other investors in the Fund, except to investors that have separately negotiated for the right to review such agreements.

Recycling of Capital. We have the right to recall (or "recycle") certain distributed amounts, including in respect of returned fees and expenses and returned capital, in accordance with the Funds' Governing

Documents. Accordingly, during the term of a Fund, an investor may be required to make capital contributions in excess of its commitment. Any such reinvestment would limit early distributions to investors, and to the extent such recalled or retained amounts are reinvested, an investor will remain subject to the investment and other risks associated with such investments. As a result, reinvestment could increase the risk of investing in a Fund. Additional investments resulting from recycling have the potential to increase investment returns to investors (and reduce the effective burden of management fees assessed on the basis of commitments during a Fund's commitment period) to the extent such investments are profitable. However, there can be no assurance that any such investment will have a positive return. Further, any such additional investments will have the effect of increasing the management fee borne by investors following the investment period, and as a result we may face a conflict of interest with respect to such additional investments insofar as it is incited to deploy recycled capital in additional investments when it might not otherwise have done so.

Effect of Potential Fees. Affiliates of ours may be retained by a Hospitality Fund or the entities in which it invests and receive fees for real estate related services (such as property management, leasing, construction management, development and security). Such arrangements (and the fees payable to our affiliate under them must be consistent with the provisions of the Fund's Governing Documents. Such entities may also receive fees for such services from persons other than a Hospitality Fund in connection with transactions in which the Fund is an investor. Further, entities in which a Hospitality Fund invests shall bear (and shall reimburse us or our affiliates for) an allocable portion of the certain hotel management expenses and shared property-level costs. In addition, affiliates or former employees of ours may receive fees or payments from a Hospitality Fund or any investment to provide other services of the type that are customarily provided by third parties (including, among other things, public relations, human resource services, social media management, website design and maintenance, accounting and food and beverage management). Except as provided under the Fund's Governing Documents, none of such fees or reimbursements paid to such affiliates of ours for any of the foregoing services will be shared with the Funds or offset against the management fees or carried interest payable in respect of the Funds. Such arrangements present potential conflicts of interest to the extent that we are incentivized to overcharge for such services in order to increase profits for ourselves at the expense of the Funds. The fee potential inherent in a particular investment or transaction could also be viewed as an incentive for us to seek to refer, allocate or recommend an investment or transaction to the Fund (including where the Fund may only hold a passive interest in the applicable investment).

Furthermore, a Hospitality Fund may sell an investment to a buyer who may elect to retain our affiliates to provide services with respect to such investment after the acquisition by such buyer. In such circumstances, we will have an interest in completing the sale of the Investment to that buyer because we would continue to receive fees in connection with such services (as opposed to selling to another buyer who has not agreed to retain us to provide services after the date of the acquisition, even if such other buyer may offer a higher price for such purchase). Any fees paid to our affiliates for such services would not be shared with, distributed to or offset against other expenses incurred by Funds or their investors.

Use of Leverage. The use of a subscription line by a Fund may present conflicts of interest as a result of certain factors, including that interest may accrue on any such outstanding borrowings at a rate lower than the rate of the preferred return, that the preferred return does not begin to accrue upon the incurrence of such borrowings, and that the preferred return only begins to accrue on the date of capital contributions by investors to the Fund (*i.e.*, the due date for the capital call notice). As a result, the use of a subscription line with respect to investments and ongoing capital needs of the Fund may reduce or eliminate the preferred return received by the investors and accelerate or increase distributions of carried

interest, providing us with an economic incentive to fund investments and ongoing capital needs of the Fund through subscription lines in lieu of capital contributions and to make distributions prior to repayment of such outstanding borrowings. Additionally, although leverage will increase investment returns if a Fund earns a greater return on the investments purchased with borrowed funds than it pays for use of those funds, the use of leverage will decrease the returns of the Fund if it fails to earn as much on investments purchased with borrowed funds as it pays for the use of those funds. The use of a subscription line by a Fund is within our discretion.

Other Benefits. We expect to provide discounts and certain other benefits at the hospitality properties in which our Funds invest to our employees, as well as to investors in the Funds and third-party service providers. Such discounts or benefits will not be subject to any fee offset arrangement or otherwise shared with the Fund its investors or the properties.

Service Providers. Our affiliates engage a wide variety of third-party service providers and counterparties. From time to time, these third parties may provide discounts or other preferential terms to us or our affiliates as a result of the volume of business or in the hopes, or even the promise, of securing future business. The Funds and other of our affiliates may receive the benefit of these arrangements. We may cause the Funds to transact with certain third parties in exchange for past or future benefits as described above. Although some of these benefits may accrue to the Funds, certain benefits may accrue to other of our affiliates or otherwise be allocated away from the Funds. In addition, it may be difficult to determine the reason a counterparty provides a particular benefit and, in some cases, selects a particular beneficiary for such benefit. In addition, if our employees receive gifts, meals, entertainment or other benefits from a service provider or prospective service provider, such employees may have an incentive to seek to cause us and/or the Funds to enter into a business relationship with, or to sustain or expand an existing business relationship with, such service provider even if doing so is not in the Fund's best interests. To mitigate against this risk, we have adopted policies and procedures to monitor the giving and receipt of gifts and business entertainment by our employees. See "Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" for additional details.

Parallel Funds. The use of parallel funds (or other entities) also may create a conflict of interest in that different tax considerations for the different partnerships (or other entities) may cause the us to structure or dispose of an investment in a manner that is not equally advantageous to each individual Fund vehicle and the investors therein.

Alternative Investment Vehicles. Based on legal, tax, regulatory and other considerations, in connection with particular investments, we may create one or more alternative investment vehicles and, in order to do so, may mandatorily cause some or all of the investors' indirect interests in such investments to be held through such alternative investment vehicle. The terms of any alternative investment vehicles may vary from the terms of the Fund, based in part on the structure of the relevant transactions, legal requirements, and tax, regulatory or other considerations. Regardless of the terms of an alternative investment vehicle, it is possible that the applicable tax or regulatory authorities will not respect the separate identity of the alternative investment vehicle (apart from that of the Fund), in which case, the proposed benefits associated with establishing an alternative investment vehicle may not be realized. It is possible that, to obtain the tax and/or regulatory benefits of an alternative investment vehicle, the economics of an alternative investment vehicle and the Fund may not be fully integrated. For example, the carried interest may be calculated separately for the Fund and one or more alternative investment vehicles, which may result in the total amount to carried interest received by us exceeding the total amount of carried interest that would have been received if the economics of the alternative investment

vehicle and the Fund had been fully integrated. In addition, investors in a Fund will bear the incremental costs (including taxes) of any alternative investment vehicle to which they invest.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or our management.

Item 10. Other Financial Industry Activities and Affiliations

Each EOS GP serves as the general partner to one or more Funds.

As noted above, with respect to the Hospitality Funds, our affiliates provide property-level services, including property management, leasing, construction management, development, security and other real estate-related services in respect of the Funds' hospitality property investments. Such affiliates charge a fee for services provided, which will not offset the Funds' management fees. (See *Item 5 - Fees and Compensation* above for additional details.) Such arrangements present potential conflicts of interest to the extent that we are incented to overcharge for such services in order to increase profits for ourselves at the expense of the Hospitality Funds and their properties or to make an investment on behalf of the Hospitality Funds in order to earn property management fees for ourselves. We address this conflict by providing full transparency to our Hospitality Fund investors and co-investors with respect to the property management fees being charged to the Funds' properties. In addition, for certain of our Hospitality Funds, such fee arrangements are subject to limited partner advisory committee consent if they are not consistent with a pre-approved fee schedule, as set forth in the Funds' Governing Documents.

Further, in certain situations, our affiliates will also agree to continue to provide property-level services to the Fund's properties after the properties are sold by the Funds. Such arrangements present potential conflicts of interest to the extent a potential buyer of the property from the Fund does not want to continue to engage our affiliate for property-level services, whereas other potential buyers will want to continue to engage our affiliate for such services, and we need to select a buyer for the property.

Our affiliates will also provide property-level services to properties that were not owned or sold by the Funds ("Independent Properties"). Our affiliates seek to negotiate their fees with Independent Properties on a bespoke basis based on the specific needs of a particular property but will generally be in line with customary pricing in the industry for such services. The fees charged to Funds' properties will vary from time to time from those fees charged to Independent Properties. In addition, it is possible certain of the Independent Properties may compete with the properties held by the Funds from time to time. In light of the potential associated conflicts of interest, our affiliates will not agree to provide property-level services unless it has been determined that such services can be provided in a manner that does not conflict with their ability to provide services to the Funds' properties in the manner originally contemplated. In addition, our affiliates will take such other steps as are deemed appropriate to mitigate any potential conflicts that arise while providing services to Independent Properties.

An entity that is owned and controlled by certain Funds (the "Related Sponsor") serves as the managing member of vehicles through which certain Funds pursue real estate investments (the "SPVs"). Certain Fund investors, as well as certain of our related persons and their respective family members, also invest through the SPVs. Neither we nor the Related Sponsor receive any fees or carried interest from the SPVs. We do not anticipate that the SPVs will pursue other investments in the future. In the event that they do

so, we will follow our documented procedures in allocating investment opportunities to such entities. (See Item 6 – Performance-Based Fees and Side-by-Side Management.)

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

Code of Ethics Overview

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, our Code of Ethics sets forth standards of conduct for our employees and employees of certain of our affiliates (collectively, our “Supervised Persons”) to ensure that they conduct their business on our behalf in a manner that enables us to fulfill our fiduciary duty to our clients.

Among other things, our Code of Ethics: (i) governs personal trading by our Supervised Persons, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our Supervised Persons, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which Supervised Persons may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Personal Trading Policy

Supervised Persons must obtain pre-clearance from our Chief Compliance Officer (the “CCO”) before transacting personally in certain securities including private placements and initial public offerings. In addition, Supervised Persons must obtain pre-clearance from the CCO before transacting in any securities of issuers found on the Firm’s Restricted List.

Supervised Persons are required to provide our CCO with periodic reporting relating to their trading activity and personal accounts. Our policies relating to personal trading will also generally apply to a Supervised Person’s spouse or minor child, or an immediate family member of a Supervised Person living in the same household as such Supervised Person.

Participation or Interest in Client Transactions

We make available to qualified prospective investors the opportunity to invest in the Funds. In addition, each EOS GP or an affiliate thereof expects to receive carried interest from the Funds.

We expect that our CEO and our other related persons will have significant personal investments in underlying investments of the Funds. In this regard, such persons may have a greater portion of their personal assets invested in certain underlying investments of the Funds. Further, certain of our related persons (including employees of ours and our affiliates) and their respective family members invest through one or more vehicles alongside other Funds, as outlined in the Funds’ Governing Documents. To mitigate associated conflicts, we will follow documented procedures in allocating investment opportunities. (See Item 6 – Performance-Based Fees and Side-by-Side Management.)

We will not engage in any principal transactions unless we have determined that the transaction is in the relevant clients’ best interests and have obtained client consent in accordance with our written procedures and applicable law.

Item 12. Brokerage Practices*Selection of Broker-Dealers*

Our advisory business generally involves privately-negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly-traded securities. With respect to such private transactions, we believe we fulfill our best execution responsibilities through careful evaluation and negotiation of the terms of each such transaction.

While we do not believe these situations will arise, if our clients purchase, sell or distribute publicly-traded securities through a broker-dealer, we will seek “best execution” in selecting a broker-dealer to execute such transactions, taking into account a number of factors, which may include, among others: a broker-dealer’s ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of a broker-dealer; the firm’s risk in positioning a block of securities; the quality, comprehensiveness and frequency of related services considered to be of value; and the competitiveness of commission rates in comparison with other broker-dealers.

During our last fiscal year, we did not acquire any products or services with client brokerage commissions (or markups or markdowns).

Research and Other Soft Dollar Benefits

We do not currently have any formal soft dollar arrangements. If we determine to engage in soft dollar transactions in the future, we intend to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Brokerage for Client Referrals

To the extent that we trade in securities through broker-dealers, we do not expect that we would direct client brokerage business to broker-dealers that refer prospective investors to us.

Allocation of Investment Opportunities

It is our policy that all investment opportunities will, to the extent practicable, be allocated among the Funds on a basis that over time is fair and equitable to each Fund relative to other Funds, taking into account all relevant facts and circumstances. The factors that we consider in making such determinations may include, among others: (i) differences with respect to available capital (e.g., current or anticipated capital available for investment, including anticipated follow-on investments, if applicable), (ii) size or remaining life of each Fund, (iii) the nature of the investment opportunity (including the size and anticipated follow-on investment requirements), (iv) potential conflicts of interest (including whether a Fund has an existing investment in the opportunity in question), (v) the relevant allocation of investment opportunity provisions and restrictions in each Fund’s governing documents, (vi) tax, legal or regulatory considerations, and (vii) current and anticipated market conditions.

Although we manage multiple Funds, in general, we expect that only a single Hospitality Fund structure and a single Residential Fund structure (in each case, along with the applicable Co-Investment Vehicles, as applicable) will actively be making new investments at any given time. Each Fund has a pre-designated

property sector (either Hospitality or Residential) and target return parameters. Accordingly, we will generally allocate new investments to the appropriate Fund based on such property sector and target return parameters. In particular, we will generally allocate suitable new hospitality investment opportunities to the active Hospitality Fund and suitable new residential investment opportunities to the active Residential Fund. We may also allocate portions of any new investment opportunities to Co-Investment Vehicles. However, subject only to any applicable provisions in a Fund's Governing Documents (including side letters), we are under no obligation to allocate co-investment opportunities to existing investors in a Fund on a *pro rata* basis or otherwise.

Item 13. Review of Accounts

Review of Accounts

The Funds' portfolios are reviewed by, and their performance is analyzed by, our CEO on a regular basis. In addition, our CCO will periodically review the Funds' portfolio holdings to confirm that the securities (and other financial instruments) held by the Funds remain consistent with their investment objectives and restrictions.

Reporting

We furnish investors in each Fund with status reports regarding such Fund on a quarterly basis. On an annual basis, we provide investors with a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1).

We provide certain investors (pursuant to a side letter or otherwise), including strategic investors, with access to more frequent and/or more detailed information, which may include information regarding the Funds' holdings, performance, finances, and management and/or other information about the Funds or us (including notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a Fund, us and/or our personnel, or of withdrawals from a Fund by us and/or our personnel). Such additional information possibly enables such investors to better assess the prospects and performance of the Funds.

In addition, investors may be provided with certain information about us and the Funds in response to questions and requests. Although we may not distribute such information to other investors or prospective investors, it will generally be available onsite for all relevant investors upon request. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

Item 14. Client Referrals and Other Compensation

We do not expect that we will receive any economic benefits from third parties in connection with the provision of investment advice to the Funds.

We have entered into arrangements, and may in the future enter into additional arrangements, pursuant to which we compensate a third party for referrals that result in a potential investor becoming an investor in a Fund. Any fees payable to such placement agents would be borne by us either directly or indirectly through an offset against fees paid by the relevant Fund. Prospective investors should be aware that placement agents are subject to certain conflicts of interest, including an incentive to recommend a Fund

over other investment opportunities due to the fact that the placement agent is being compensated in connection with any investors that it successfully refers to the Fund.

Item 15. Custody

For purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), we are deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds’ audited financial statements are prepared in accordance with GAAP, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of each Fund’s fiscal year.

Item 16. Investment Discretion

We have discretionary authority to manage securities and other investments on behalf of the Funds. The investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in their Governing Documents. Under certain circumstances, we may contract with SMA clients to adhere to limited risk and/or operating guidelines imposed by such clients. We would negotiate such arrangements on a case-by-case basis.

Item 17. Voting Client Securities

The Funds will generally invest in private companies which typically do not issue proxies. Under certain limited circumstances, however, we may be required to vote proxies. In these situations, we will vote proxies in the manner we have determined is in the best interest of the Funds, which generally means voting to maximize the value of the relevant company held by the Funds.

To the extent that we trade in public securities for client accounts, we will generally have voting discretion over such securities. Clients are generally not able to direct their votes in a particular situation. We have adopted proxy voting policies and procedures, which are summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, we will vote all proxies in the manner we have determined is in the best interests of each client, which may result in different voting results for proxies for the same issuer. In addition, we may determine to abstain from voting a proxy if we believe that such action is in the best interests of a particular client. We may take into account the following factors, among others, in determining whether a specific proposal is in the best interests of a particular client: (i) management of the issuer’s views and recommendations on such proposal, (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders’ concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure), and (iii) whether we believe that the proposal will fairly compensate management for its and/or the issuer’s performance. If we deem that the issue being voted upon is not material for us and our clients or we determine that the cost of voting a proxy would exceed the expected benefit to our clients, we will not be obligated to vote on such matter.

Upon the request by a client, we will disclose to such client how we voted proxies for securities owned by such client. We will also provide a copy of our proxy voting policies and procedures to clients upon request.

Item 18. Financial Information

We are not required to include our balance sheet for our most recent fiscal year with this Brochure.

Item 19. Requirements for State-Registered Advisers

We are not a state-registered adviser.