Form ADV Part 2A: FIRM BROCHURE

AFFINIUS CAPITAL ADVISORS LLC

as of March 31, 2026

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This Brochure provides information about the qualifications and business practices of Affinius Capital Advisors LLC ("Affinius Advisors", the "Advisor").

If you have any questions about the contents of this Brochure, please contact us at compliance@affiniuscapital.com or (800) 531-8182. 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.

The Advisor is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training. Additional information about the Advisor is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. – MATERIAL CHANGES

We are pleased to provide you with this annual update to our Brochure, which is also known as Part 2A of SEC Form ADV. It contains important information about our business practices and investment strategies, fees and expenses, potential risks as well as a description of potential conflicts of interest relating to our business.

We are providing you this Brochure in accordance with Rule 204-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), which requires a registered investment adviser to provide a written disclosure statement before or at the time of entering into an advisory relationship with a client, and to provide an annual update. If you would like another copy of this Brochure or future updates, please contact us by email at compliance@affiniuscapital.com; by calling us at 800-531-8182; or by visiting our website at www.affiniuscapital.com.

Affinius Advisors filed its most recent Form ADV Part 2 on March 31, 2025. This annual amendment updates the description of the business practices of Affinius Advisors and its Affiliates, including changes relating to a recently completed merger of Affinius Capital Management LLC into Affinius Advisors, and clarifying changes relating to our business practices and compliance policies and procedures or in response to evolving industry and Advisor practices. In this year's filing, while not material, the following specific Items have been updated:

- Item 4: Updated to reflect assets under management as of December 31, 2025;
- Item 8: Updated to reflect certain additions to existing disclosures and new disclosures to include additional risk factors; and
- Item 11: Updated to reflect certain potential conflicts of interest and changes to Code of Conduct and Ethics.

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Item 4. – ADVISORY BUSINESS

Advisor Description

The Advisor is a subsidiary of Affinius Capital LLC ("Affinius Capital"), an integrated institutional real estate and investment management firm based in San Antonio, Texas and New York, New York. Affinius Capital, formerly known as USAA Real Estate Company, LLC, was founded in 1982. The Advisor recently completed an internal reorganization (the "Merger") on March 27, 2026, whereby Affinius Capital Management LLC ("Affinius Capital Management"), formerly known as Square Mile Capital Management LLC, merged into Affinius Advisors. Prior to the Merger, Affinius Capital Management and Affinius Advisors were both wholly owned subsidiaries of Affinius Capital, and the surviving entity, Affinius Advisors, continues to be a wholly owned subsidiary of Affinius Capital. Additionally, Affinius Capital Management was separately registered as an investment adviser with the SEC and was an institutional real estate investment manager that provided commercial real estate advisory services focused on debt and equity investments, including first mortgages, mezzanine loans, preferred equity and joint venture equity. In connection with the Merger, Affinius Advisors will carry on the business of Affinius Capital Management and Affinius Capital Management is withdrawing its investment adviser registration with the SEC. Affinius Capital also owns two participating affiliate subsidiaries and other operating companies and has additional offices across the United States ("U.S.") as well as in Amsterdam, Netherlands, London, United Kingdom, Seoul, South Korea and Sydney, Australia. See Item 10 "Other Financial Industry Activities and Affiliations" for more information. When we use the term "we", "us" and "our" in this Brochure, we are referring to Affinius Capital and the Advisor, as well as any entities that are directly or indirectly under our control (together with employees of Affinius Capital, collectively, "Affiliates"), some of which serve as the general partner or managing member ("General Partner") of a Client (defined below).

The Advisor provides flexible equity and debt capital solutions across property sectors and the risk spectrum. The Advisor's strategies focus on value creation and income generation through the acquisition, development, improvement, strategic oversight, ownership, management, and exit from commercial real estate investments. Our focus is across a broad array of commercial real estate sectors, including, but not limited to, industrial/logistics, multi-family and other housing, data centers, life sciences, media content production studios, office, retail, and hotel properties. The Advisor's equity platform seeks to identify long-term trends that impact demand for real estate and targets its real estate and related assets (each an "Investment" and collectively, "Investments" to benefit from such trends, as well as targets opportunistic Investments in periods of market dislocation. Our commercial real estate debt platform provides customized capital solutions for real estate owners and developers. The Advisor also arranges commercial mortgage loans. See Item 8 "Methods of Analysis, Investment Strategies and Risks of Investing" for a description of our investment strategies and methodology.

Our investment vehicles are typically comprised of open- and closed-end private funds and separate accounts that hold Investments through holding vehicles or other tax efficient structures such as limited partnerships, limited liability companies, private real estate investment trusts ("REITs") or certain European entities and structures. In the closed-end funds, each investor makes an up-front commitment to contribute a stated amount of capital as called by the Advisor for investment or other fees and expenses and generally cannot withdraw capital prior to the end of the stated multi-year term of the fund. In the open-end funds, capital contributions and withdrawals are permitted at stated intervals (generally, monthly or quarterly) at then-current net asset values, subject to certain lock-up periods and gates and at the discretion of the relevant General Partner. We also advise certain Clients on investment vehicles of other real estate and financial services firms, including entities owned directly and indirectly by entities

and individuals that have an ownership interest in Affinius Capital's parent company, Affinius Holdings LLC ("Holdco") (such entities, along with Holdco, are referred to as "Related Entities"). See Item 10, "Other Financial Industry Activities and Affiliations" for more information.

The Advisor serves as the investment manager of:

- Real estate-related investment funds exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), including pooled investment funds and REITs, together with any related feeder funds and parallel funds (each, a "Fund" and collectively, the "Funds");
- Co-invest vehicles for facilitating co-investment with a Fund in an Investment (collectively, "Co-Invest Entities");
- Separately managed account mandates (collectively, "Separate Accounts", and individually, a "Separate Account"); and
- Entities for making Investments, including limited partnerships, limited liability companies or similar vehicles that are comprised of one of more investors, but which are not organized as Funds (collectively, "Client Entities").

Funds, Co-Invest Entities, Separate Accounts, and Client Entities are collectively referred to throughout this Brochure as the "Clients," and each individually, as a "Client". Interests in Clients are offered to limited partners or other investors ("Investors"). See Item 7 "Types of Clients" for more information on the Advisor's Investors.

The Advisor does not participate as a manager in any wrap fee programs.

Advisor Ownership

The Advisor and its Affiliates are directly or indirectly owned by Affinius Capital and are indirect subsidiaries of Affinius Capital's parent company, Holdco. A majority of Holdco's interests are owned by JFLC, LLC ("JFLC" and together with JFLC's direct and indirect owners and their affiliates, including family members and estate planning vehicles, collectively, the "Ownership Entities"). JFLC is controlled by entities owned and controlled by James A. Davidson ("Davidson"), an active technology investor, adviser and entrepreneur; Fritz H. Wolff ("Wolff"), an active investor with more than two decades of institutional real estate investment experience; Leonard J. O'Donnell ("O'Donnell"), Affinius Capital's Chairman and Chief Executive Officer; and Craig Solomon ("Solomon"), Affinius Capital's Vice Chairman and Chief Investment Officer. Holdco is controlled by Davidson and Wolff, including through US RE Bridger Holdings, LLC ("Bridger Holdings"), and O'Donnell. Davidson, Wolff, O'Donnell and Solomon are direct and indirect investors in other real estate and financial services firms, including companies that invest, co-invest or provide services to Clients. See Item 10 "Other Financial Industry Activities and Affiliations" for more information.

United Services Automobile Association ("USAA"), a San Antonio-based Fortune 500 diversified financial services group of companies, owns a minority interest in Holdco. Affinius Capital and the Advisor, on behalf of USAA, manage a portfolio of real estate investments across the U.S., Europe and Mexico. More information about the Advisor's ownership structure is provided in Schedules A and B of Form ADV Part 1, which is available on the SEC's website at https://adviserinfo.sec.gov.

Assets Under Management

As of December 31, 2025, the Advisor had approximately $61 billion in assets under management ("AUM") on a gross basis and $31.4 billion in net AUM. Approximately $20.7 billion of net AUM is managed on a discretionary basis and $10.7 billion on a non-discretionary basis.[1] Gross AUM represents the gross portfolio value of real estate and uncalled capital including property level debt managed by us and our joint venture partners; uncalled capital represents $5.9 billion of AUM.[2] Net AUM deducts fund level liabilities and debt and carried interest accrued and paid to the General Partners. AUM also includes the value of real estate owned by Clients relying on an exemption from registration under Section 3(a)(1) of the Investment Company Act, which is not included in the calculation of regulatory assets under management as reported in the Advisor's Form ADV Part 1. Asset figures do not double count assets to the extent that Clients invest in other Clients.

Advisory Services

The Advisor directs and manages each Client's Investments by providing the following types of services (which services differ across Clients):

- Identifying and analyzing equity and debt Investment opportunities;
- Making commercial real estate equity and debt Investment recommendations and decisions;
- Negotiating the terms of Investments;
- Managing and monitoring Investments;
- Achieving dispositions of Investments;
- Providing private commercial finance services including originating real estate loans; and
- Providing other related services in connection with the implementation of the Investment program of each Client.

Our advice includes various facets of investing in the equity or debt of an Investment and recommendations as to the structure of the real estate and related asset holdings. Investment advice is provided directly to each Client. Client Investment objectives are described in and governed by the applicable private placement memoranda, limited partnership agreements, investment advisory agreements, subscription agreements, operating agreements, shared services agreements and other governing documents of the relevant Client (collectively, along with side letters, the "Governing Documents"). While some Investors in a Fund, depending on the circumstances, seek side letters or similar agreements that confer additional benefits ("Side Letters"), Investors generally cannot impose restrictions on a Fund from investing in certain Investments. Some Separate Account Clients or joint venture partners negotiate to impose certain restrictions limiting our discretion. Certain Clients are managed on a non-discretionary basis where the Investor or Investors determines whether to execute on our Investment recommendation.

The Advisor has entered into Side Letters or similar agreements that confer additional benefits with certain Investors, including those who make substantial commitments of capital or are early-stage

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[1] Please note that this amount is inclusive of approximately $19.6 in AUM on a gross basis and $9.9 billion in net AUM attributable to Affinius Capital Management as of December 31, 2025. Of the net AUM attributable to Affinius Capital Management as of December 31, 2025, approximately $5.5 billion of net AUM was managed on a discretionary basis and $4.4 billion was managed on a non-discretionary basis.

[2] Please note that this amount is inclusive of uncalled capital representing approximately $4 billion in AUM of Affinius Capital Management as of December 31, 2025.

Investors in a Client, or for other reasons in the Advisor's sole discretion. Side Letters have the effect of establishing rights under, or altering or supplementing, a Client's other Governing Documents. Some examples of Side Letter rights entered into include, without limitation, priority co-investment rights or targeted co-investment amounts, special economic rights such as reduced management and other fees, modified waterfall mechanics, notification provisions, regulatory considerations of specific Investors, opt out rights, supplemental reporting and information, rights to serve on a Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modifications of default remedies, investment pacing restrictions and "most favored nations" provisions. Subject to the Governing Documents, these Side Letter rights, benefits or privileges are not typically made available to all Investors in the same Client, nor are they disclosed to all Investors in the same Client, consistent with the applicable Governing Documents and general market practice. Side Letters are typically negotiated prior to the relevant Investor's commitment to a Fund. Once invested in a Fund, Investors generally cannot impose additional investment guidelines or restrictions on such Fund. There can be no assurance that the Side Letter rights granted to one or more Investors will not, in certain cases, provide them with an advantage as compared to other Investors.

Item 5. – FEES AND COMPENSATION

The Advisor and its Affiliates receive fees and other compensation in exchange for the advisory services provided to Clients. These fees typically include a management fee, performance-based compensation (often referred to as a promote, carried interest or an incentive fee) and other fees related to the Advisor's management of Client Investments, in each case in accordance with a Client's Governing Documents and as described below. Differences in fees exist from Client-to-Client based on a number of factors, including Investment strategy, Investment amount, type of Client, and the type of other services provided. As more fully described below, the Advisor or a Client, on occasion, has negotiated to share with or receive a percentage of certain fees with its Affiliates or joint venture partners. The share of compensation earned by the Advisor or its Affiliates varies among Investors pursuant to the terms of the Governing Documents.

The following is a general description of Client fees and expenses. Investors should refer to the Governing Documents of the applicable Client for a more detailed description of the fees and expenses charged by Affinius Capital, the Advisor and/or its Affiliates for their advisory and other services. Fees are generally agreed upon at the time of the establishment of the relevant Client and negotiated with participating Investors before their Investment. Specific details of such compensation and its calculation methodology are set out in the Governing Documents for the relevant Client. There are instances where the Advisor has granted certain preferential terms to Clients and/or Investors resulting in fees lower than those applicable to other Investors. Fees and expenses are paid by the Client to the Advisor by either reducing distributions otherwise due to Investors, through use of a Client line of credit, or by calling capital from Investors.

Management Fees

The Advisor charges management fees as base compensation for providing advisory services to Clients, which is paid indirectly by Investors in such Client. Management fees are determined on a Client-by-Client and Investor-by-Investor basis and are described in each Client's Governing Documents and modified in certain Investors' Side Letters. The management fee is often based on a stated percentage of capital invested in a Client by an Investor, which is permitted to be calculated with respect to net asset value, invested capital, budgeted capital, gross asset value, or charged on committed capital, budgeted capital, and/or invested capital, depending on the Client and the life-cycle of the Client, or based on number of

investments held. The Advisor can, and often does, charge a reduced management fee or no management fee to the General Partners (and their direct or indirect members or affiliates) certain Investors, Affiliates, Related Entities, and/or Ownership Entities (Affiliates, Related Entities and Ownership Entities, collectively, "Affiliated Entities") and/or to Investors in co-investment vehicles and Investors that commit larger amounts of capital, in each case at the Advisor's discretion. However, the Advisor is under no obligation to reduce or waive the management fee for any Investor or Affiliated Entity and offers, in its sole discretion, different fee arrangements to different Investors and Affiliated Entities. Any reduction or waiver granted to one or more Investors or Affiliated Entities will not entitle any other Investor or Affiliated Entity to a similar reduction or waiver, and there is no requirement that such arrangements be applied uniformly across Investors in a Client or across Clients or Affiliated Entities.

Investors participating in a subsequent closing after the initial closing of a Fund could be responsible for paying the management fee as of the date of the initial closing of such Fund, generally in addition to an interest component payable to the Advisor or its Affiliated Entities, as applicable. In addition, management fees are payable during term extensions unless Investors have otherwise negotiated or are otherwise notified. Management fees are paid by the Client using available cash of the Client or by calling capital from Investors. The management fees are due and payable by a Client either quarterly in advance or quarterly in arrears, depending on the Client and as detailed in each Client's Governing Documents and/or Side Letters.

For certain Clients, the amount of management fees will not correspond with fluctuations in the net asset value of (i) individual Investments, (ii) aggregate Investments or (iii) of a Client, and will not be reduced in connection with any write-downs, except potentially in the case of Investments that have been permanently written down or written off in full (i) for purposes of fair value accounting, as determined in the Advisor's reasonable discretion, or (ii) as a result of such Investment being foreclosed upon pursuant to a bankruptcy or an insolvency event (such investments, "Impaired Value Investments"). Under certain Clients' Governing Documents, where the fair market value of an Investment exceeds the total amount of investment contributions relating to such investment, any such management fees will not be calculated based upon such appreciated value and will instead continue to be calculated based on the amount of such investment contributions.

Except where the Governing Documents expressly provide to the contrary or in the case of Investments meeting the relevant Impaired Value Investment standard under the Governing Documents, management fees will not be reduced (in whole or in part) in the case of partial distributions, partial sales, reorganizations, recapitalizations (including recapitalizations involving dividends), roll-over investment in connection with a sale or dividend distribution, restructurings or similar transactions, or in circumstances where one or more other Client(s) divest their respective Investment(s) in the relevant Investment, whether in whole or in part, in each case unless the result is the complete disposition of the relevant Client's interest therein, and even in cases where the value of such Client's investment or ownership percentage in an investment has been reduced (including substantially reduced) as a result of such transaction.

In addition, in certain circumstances, management fees will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period. Further, where there has been a partial disposition or permanent write down or write off of a Client's Investment and the fair market value of the Investment following such event exceeds the total amount of the Client's Investment contributions relating to the Investment, the Governing Documents do not require management fees to be reduced. In some circumstances, the

management fee base will include capitalized transaction-specific fees and expenses (as described below in “Other Fees”) and expenses of unrealized Investments, including transaction fees charged by the Advisor in connection with the Investment, as well as certain fees and expenses paid to third parties, the Advisor or its Affiliates, which poses a conflict of interest in that the inclusion of such fees and expenses results in a higher management fee than if such transaction fees and expenses were not capitalized into the asset base.

Performance-Based Fees

Performance-based fees due to the Advisor for performance in excess of stated return thresholds, either realized or unrealized, depending on the respective Client’s Governing Documents, are often a material component of our overall compensation – Item 6 “Performance-Based Fees and Side-by-Side Management: Performance-Based Fees” provides more detailed information. Our performance-based compensation arrangements are structured to comply with Rule 205-3 under the Advisers Act. Total fees paid by Clients that pay performance-based fees can be higher than those fees paid by Clients that are not charged a performance-based fee. The Advisor typically receives reduced or no performance-based compensation from Affiliated Entities and/or certain Investors.

Other Fees

In addition to the management fees and performance-based fees paid to the Advisor or an Affiliate, Investors in a Client also typically indirectly pay a variety of other fees to third parties, the Advisor and/or its Affiliates. Examples of these other fees paid by a Client (and indirectly paid by Investors) include, but are not limited to:

- Acquisition, Leasing, Disposition or Financing Fees: Fees related to the acquisition, leasing, sale or financing of an Investment.

- Asset Management Fees: Fees related to the monitoring of asset performance and business plan execution.

- Break-Up Fees and Expenses: Break-up, topping, or other similar fees are paid in connection with an unconsummated or terminated Investment or transaction.

- Capital Placement Fees: Fees for securing, sourcing, or arranging investment equity or debt capital to effectuate Investments, including loan origination or investment syndication of placement of capital in a transaction.

- Consultant Fees: Fees for providing advice on a development, project or Investments.

- Development or Construction Management Fees: Fees for overseeing all or a portion of a development or construction project.

- Guarantee Fees: Fees for providing guarantees to lenders in connection with property level construction loans and/or permanent financing.

- Loan Origination, Processing, Administration, Assumption or Servicing Fees: Fees for originating, processing, overseeing assuming and servicing loan Investments on behalf of Client lenders.

- Property Management Fees: Fees related to property-level management.

Affiliated Service Provider Fees, Reimbursements and Promotes

Some Clients retain us or one or more of our Affiliates to perform non-investment advisory services which might otherwise be performed by unaffiliated third parties, including sourcing, development, development management, infrastructure support, construction management, construction oversight, general leasing, property management and asset management of Investments, as well as debt sourcing, consulting, leasing, legal, tax and accounting services and other services ancillary to the acquisition, development, ownership, management, operation and disposition of real property of a Client (collectively, "Affiliate Services"). In some instances, most frequently with property management and leasing services, fees could be appropriate and are shared between a provider of Affiliate Services ("Affiliated Service Provider") and a third party when the Affiliated Service Provider brings expertise alongside the third-party service provider(s) to cooperate on, share or split functional assignments in service to execution of the investment strategy.

These fee and fee sharing arrangements are highly variable and are dependent on many factors, including the complexities and demands of the property and its business plan, which could require an increased level of service fee sharing. All fee benchmarking must consider varying facts and circumstances, within the reasonable judgment of Affinius personnel.

While the Advisor and its Affiliates believe that the Affiliate Services are provided at rates appropriate for the relevant services and beneficial to the Client, there is an inherent conflict of interest that incentivizes the Advisor to engage itself and/or its Affiliates over unaffiliated third parties for the performance of such Affiliate Services. Except as negotiated and described in a Client's Governing Documents, any fees for Affiliate Services and/or related reimbursements and/or promotes paid by a Client or Investment to the provider of Affiliate Services are in addition to, and will not offset or otherwise reduce, the management fee, carried interest, or other fees received by the Advisor or its Affiliates.

See Item 10 "Other Financial Industry Activities and Affiliations" and Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading: Reimbursements and Payments for Real Estate Services and Fees from Affiliated Service Providers" for more information.

Non-Affiliated Service Provider Fees, Reimbursements and Promotes

Some unaffiliated operating partners, joint venture partners and other service providers assisting with the sourcing, development, management or disposition of Investments, receive asset management fees, acquisition fees, development fees, leasing fees, property management fees, disposition fees, incentive fees (including promotes or bonus fees), placement fees or other compensation for their services as a means to compensate them and/or further align the interests of those partners and service providers with the relevant Clients. Payment for service provider fees and expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Advisor personnel. These fees and expenses are in addition to the fees and expenses paid by the Client to the Advisor and/or its Affiliates and, as such, will not offset or otherwise reduce the management fee, carried interest or other fees received by the Advisor or its Affiliates. The Advisor expects to be subject to potential conflicts of interest where certain administrative and other functions that are performed by Advisor personnel would not be chargeable to the Clients under the Governing Documents, but service providers performing the same services generally would be chargeable to the Clients thereunder.

Fee Waivers

We are permitted, in our sole discretion, to reduce or waive all or a portion of our management, performance-based, and/or other fees, and have done so for certain Clients, Investors and/or Affiliated Entities, including, but not limited to, the following:

- Situations where Clients have agreed to fee waivers with certain Investors (including Affiliates and Investors participating in early closings as well as service providers (including lenders and law firms) or other Investors meeting certain qualification requirements as determined by the Advisor based on commitment size or other strategic or relationship factors);
- Unrelated entities that invest through a General Partner; and
- Certain Ownership Entities and Related Entities.

Such Clients or Investors generally pay their pro rata share of certain Client expenses.

Co-Investment Fees and Expenses

The Advisor, in its discretion, but subject to a Client's Governing Documents, permits Investors, Affiliated Entities, and third-party investors (including other sponsors, market participants, suppliers, vendors, consultants, transaction service providers and their respective affiliates, personnel and related investment vehicles) to co-invest ("Co-Investors") with a Client in certain investment opportunities. In some instances, Co-Investors participate with a Client in an Investment on substantially the same terms and conditions as the corresponding Client and will exit such Investment on substantially the same terms and conditions and at the same time as the Client. In other instances, terms and conditions are negotiated with a Co-Investor on a co-investment opportunity that are more favorable than the Client's Investment terms. For strategic and other reasons, a Co-Investor or co-invest vehicle (including a co-investing Client) is permitted to purchase a portion of an Investment from one or more Clients after such Clients have consummated their investment in the relevant Investment (also known as a post-closing sell-down or transfer), which generally will have been funded through Investor capital contributions and/or use of a Client credit facility. Any such purchase from a Client by a Co-Investor or co-invest vehicle generally occurs shortly after the Client's completion of the investment to avoid any changes in valuation of the Investment, but in certain instances could be well after the Client's initial purchase. The purchase price for any such transfer will generally be based on the "cost of carry" or the most recent quarterly appraisal of the applicable Investment, which will not be subject to Investor or advisory committee approval unless specifically required in the applicable Client's Governing Documents. The Advisor retains sole discretion over all valuation determinations used in connection with any such transfer. Where appropriate, and in the Advisor's sole discretion, the Advisor further reserves the right to charge interest on the purchase to the Co-Investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Client for related costs. However, to the extent any such amounts are not charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Client. Ongoing operating expenses related to consummated Investments in which a Client invests alongside Co-Investors are generally allocated between the Client and any such Co-Investors pro rata based on amounts invested or expected to be invested as reasonably determined by the Advisor.

In accordance with a Client's Governing Documents, costs and expenses ("broken deal expenses") incurred in connection with the sourcing and diligence of a potential Investment that is ultimately not consummated will be allocated to the Client that opted in to pursue the potential Investment and was

awarded the opportunity to pursue the potential Investment, including broken deals for which there were potential Co-Investors. As an exception, Co-Investors who are contractually committed to participate in a co-investment opportunity will generally bear their share of broken deal expenses. Co-Investors who commit to a transaction after a Client signs a definitive purchase agreement will lower the risk of broken deal or similar expenses incurred by such Client (and indirectly, by such Client's Investors) in connection with such transaction based on the timing of when a Co-Investor becomes contractually obligated to invest. Affiliates are generally not allocated any share of broken deal expenses.

See Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" for more information regarding conflicts of interest with regard to co-investment opportunities, including co-investment activities of the Advisor and its Affiliated Entities.

Expenses

The Clients we manage and advise and, therefore, the Investors in those investment vehicles are responsible for paying various expenses, costs and fees, liabilities and obligations incurred in connection with the Client's Investment program and for property-level and entity-level expenses as detailed in the Client's Governing Documents. Certain of these operational services are provided by us or our Affiliates, subject to a Client's Governing Documents, and others are provided by third parties. Such expenses, costs and fees are generally incurred by us or an underlying Investment and are then reimbursed by the Client.

Examples of costs and fees charged to Clients (and indirectly to the Investors in the Clients), and in certain cases the underlying Investment, include, but are not limited to, the following:

- Expenses, costs and fees related to the diligence, formation, organization, operation, maintenance, restructuring (including taking public or private) or dissolution of a Client and its subsidiaries, feeder funds, or parallel funds, including external and internal legal, accounting, tax and administration expenses, insurance, auditors, fund administrators, appraisals, tax, tax advisory, filing fees and expenses, printing costs, name changes, and reporting;
- Capital raising and marketing activities and expenses, including sourcing and diligence with respect to Investors;
- Fees, costs, taxes and expenses related to identifying, investigating, purchasing, closing on, holding, monitoring, managing, disposing of, financing, hedging, developing, negotiating and structuring potential or actual Investments whether incurred before or after the formation of a Client. This can include, but is not limited to, expenses related to trade association dues or attending trade association or industry meetings, conferences or similar meetings; publicity costs; travel costs incurred by us and/or any Affiliate, including private charter (including aircrafts owned, partially owned or leased by Affinius Capital or its Affiliated Entities), first class and/or business class airfare, ground transportation, ride share or other ways of traveling; and lodging and meals including without limitation meals with deal counterparties and service providers;
- Except where the relevant Governing Documents and/or Side Letter(s) expressly provide to the contrary, fees, costs and expenses in connection with transactions that are not consummated, including broken deal expenses, reverse "break up", broken deal or similar fees and lost deposits. This could include allocable compensation and other direct and indirect costs of internal resources of the Advisor or its Affiliates, including but not limited to in-house attorneys, accountants, tax specialists and other professionals;
- Principal, interest, expenses, costs and fees arising out of all debt transactions, including fees related to subscription line facilities, mortgage servicing, loan origination and loan servicing, and cash

payments related to preferred interests and any fees associated with evaluating, negotiating or conducting any other activities related to seeking to put in place, amend or modify transactions;

- Expenses associated with portfolio and risk management, including those incurred in connection with derivative transactions for hedging purposes, as well as expenses relating to the negotiation or modification of interest rate and foreign exchange derivatives contracts;
- Design fees for architectural, engineering, interior and exterior design services for development and upkeep of Investments;
- Costs of advisers, appraisers, consultants, engineers and other professionals and service providers, including those incurred during the hiring process or changing any of the foregoing;
- If not prohibited pursuant to a Client's Governing Documents, establishing, monitoring or measuring the impact of any environmental, social or governance or impact-related programs or initiatives (including all costs incurred in connection with the operation of the impact and environmental, social or governance diligence process, ongoing impact and environmental, social or governance-related assessments, and any other such assessments, measurements, advice or reports prepared on or conducted as a part of implementing, monitoring and maintaining such programs);
- Costs associated with the management and operation of Investments, including property management office space and the salaries of on-site or dedicated personnel of Affiliate or third-party employees, including, without limitation, property managers, administrative assistants, accountants, engineers, and maintenance technicians;
- Transfer agent expenses, custodial, trustee, registrar, safekeeping, and depository expenses, local paying agent, brokerage fees, commissions, and other fees, costs and expenses incurred in connection with Investments (See Item 12 "Brokerage Practices" of this Brochure for a description of the Advisor's brokerage practices and related costs or fees);
- Costs related to risk management services and insurance for the Advisor, Affiliates and the Client Entities (including, for the avoidance of doubt, a Client's real estate Investments), including directors' and officers' liability insurance, insurance to protect a Client and any indemnified parties, crime, cyber or network liability insurance, fidelity bond, representation and warranty, errors and omissions liability, insurance claims, management expenses and related consulting fees, and direct and indirect costs and expenses associated with any litigation, threatened litigation or governmental or regulatory inquiry;
- Property insurance and title insurance, the costs of surveys, permitting, title opinions and other due diligence and development costs;
- Expenses, costs and fees related to the offering and sale of limited partnership units or other interests, including legal fees, travel expenses and the costs and expenses incurred in preparing and periodically updating private placement memoranda or equivalent documents or in obtaining tax and legal opinions, and systems and software for maintaining compliance with the foregoing;
- Expenses of Investor advisory committee meetings and attendance by their members and observers, including hotel, meal, event, entertainment and other similar fees; costs and expenses of any legal counsel or other advisors retained by or at the direction of the advisory committee; and costs and expenses, including travel, of Advisor meetings with or reporting to Investors, advisory committees of a Client, or advisory committees of any Investor;
- Expenses associated with the preparation and distribution of Clients' periodic reports (and related financial and other statements), Investor notices and communications and any other systems and software to manage the relationship with the Client;
- Expenses related to qualifying and maintaining qualification of a REIT or ERISA operating company, status, or otherwise structuring and operating the investment vehicle to avoid treatment as holding "plan assets" under ERISA, including any associated costs, which could include legal, compliance, or

any operational costs related to administration of the foregoing, including required board meetings and director attendance at those meetings;

- Charitable contributions made with respect to portfolio entities or fees to hire lobbyists and public relations consultants (subject to compliance with the Code (as defined below);
- Banking, cash management and treasury expenses and fees;
- Licensing fees for software or subscriptions utilized in accordance with the operation and management of applicable Investments, including those that assist with property accounting;
- Market data and research costs;
- Preparation and filing of certain regulatory reports, disclosures and notifications of the Advisor, its Affiliates and Clients to Investors, regulators and other governmental agencies, including the SEC, U.S. Commodity Futures Trading Commission ("CFTC"), Financial Crimes Enforcement Network ("FinCEN") and European Union Alternative Investment Fund Managers Directive ("AIFMD"), including costs of any third-party service providers and professionals involved in the preparation or review, filing, and any translation costs;
- Third-party legal and compliance expenses (including, without limitation, responding to formal and informal inquiries, subpoenas, investigations and other regulatory matters, and expenses associated with regulatory filings relating to the Client Entities and/or a Client's Investments) and clearing and registration fees and other expenses due to regulatory, supervisory or fiscal authorities in various jurisdictions, including non-U.S. jurisdictions, including but not limited to, developing, structuring, maintaining, operating and winding up administrative structures in Luxembourg or other countries or jurisdictions that are put in place with respect to the establishment of required residence and/or the operation of the investment activities (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith and any such costs of any such structure involving other persons managed by, or affiliated with, the Advisor or its Affiliated Entities);
- Preparation, distribution or filing of Client financial statements or other reports, tax returns, internal and external fees related to tax compliance with any tax or financial account reporting regime, tax estimates, Schedule K-1s or similar forms or other communications with Investors, including services performed by the third-party administrator and/or other third-parties; and
- Extraordinary expenses and non-discretionary expenses.

Current and prospective Investors should carefully review the more detailed descriptions of fees and expenses paid by Clients that are included in each Client's Governing Documents. The Clients also bear fees and expenses indirectly to the extent an underlying Investment (or intermediate entity) pays fees and expenses, including fees and expenses of the Advisor and/or its Affiliates as Investment-level fees and expenses not covered by the list of permissible expenses set forth in the Governing Documents.

Allocation of Fees and Expenses

In accordance with our internal expense allocation policies and each Client's Governing Documents, we determine, in our sole discretion, whether an expense should be borne by a Client, multiple Clients, Affinius Capital, the Advisor, an Affiliated Entity, an Investment or some combination of the foregoing. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate solely to a specific and individual Client, we typically allocate such expenses among multiple Clients and other relevant entities on a pro rata basis unless another method is more fair and equitable under the circumstances across these vehicles. The Advisor allocates expenses to Clients in a manner it believes is fair and equitable considering all factors that the Advisor deems relevant in its sole discretion, subject to the Governing Documents of a Client. The inclusion of an expense

category in a Client's Governing Documents will not impose on Advisor an obligation to charge an expense (or the full amount of that expense) to that Client; instead, permitted expenses will be allocated and charged in Advisor's discretion to the Client(s) it deems appropriate.

The allocation of expenses can create potential conflicts of interest and can result in a non-pro rata allocation of expenses, and any such determinations involve inherent matters of discretion, e.g., in determining which Clients or co-invest vehicles benefit (or the extent to which they actually or potentially could benefit) from the relevant service relating to the expense, or whether to allocate pro rata based on number of Clients or co-invest vehicles receiving related benefits or proportionately in accordance with fund size (including amount of remaining committed capital), asset size or fair value, number of Investors, number of users, or in certain circumstances determining whether a particular expense has greater benefit to a Client or the Advisor. Some expenses are incurred on behalf of one Client which have the potential to benefit other Clients. For example, information we obtain in connection with a Client's research, due diligence and Investment activities could be valuable to other Clients. Additionally, tools and resources developed at our expense are the intellectual property of Affinius Capital and/or the Advisor and not the Clients. Further, the portion of an expense allocated to a Client for any particular item or service will not always reflect the relative benefit derived by such Client from that item or service in any particular instance and it is possible that the Advisor will determine an allocation of expenses to be fair and equitable even where a Client is required to bear more than its proportional share of such fees or expenses relative to other Clients receiving the same service or participating in the same transaction. In addition, a Client will bear more or less of a particular expense based on the methodology used, and a Client will bear more or less of a particular expense based on the number of Clients the Advisor selects to bear the expense in its initial allocation determination. When making certain expense allocation determinations, the Advisor generally will allocate an expense to one or more applicable Clients that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Clients that were not in existence or otherwise identified as Clients at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases the Advisor is not expected to re-allocate the expense to each such future Client, and such future Client(s) will benefit at the expense of other Clients. As a result, it is possible that a Client or co-invest vehicle will benefit (or benefit disproportionately) from expenses borne in whole or in part by another Client.

Item 6. – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-Based Fees

Performance-based fees are designed to compensate us for managing certain Clients or Investments that meet or exceed agreed-upon performance levels or targets. The existence of performance-based fees has the potential to create an incentive to manage the relevant Client or Investment in a riskier, more speculative, or other manner that is less favorable to Investors than if such performance-based fees did not exist. However, we believe these types of structures attempt to align the Advisor's compensation with the investment objectives and interests of our Clients and Investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Client's life or at certain interim intervals, to the extent performance-based fees had previously been paid to the Advisor. Consistent with the relevant Governing Documents, performance-based fees can be based on the performance of individual Investments, groups of Investments, the entire portfolio held by a given Client or a combination of these factors. A Client's performance-based fees (if such exist) are described in the Client's Governing Documents. These can be

characterized as incentive fees, incentive compensation, carried interest, promote or other similar designations. The calculation is frequently performed according to a total return formula such as internal rate of return ("IRR") or time weighted return ("TWR") in relation to a stated return objective, whether that be a target fixed return, a stated benchmark's return, or other such hurdle.

The Advisor or its Affiliates are permitted to waive, in their sole discretion, receipt of performance fees, or reduce the amount of performance fees that, once earned, are paid. Specifically, Affiliated Entities who invest in a Client will generally pay reduced performance-based fees or none at all. Similarly, some Co-Investors pay a lower performance-based fee, or none at all.

Side-by-Side Management

Side-by-side management refers to the simultaneous management of multiple Clients with similar or overlapping investment strategies, some of which have differing fee structures. In theory, this has the potential to result in a conflict of interest because we have an incentive to favor the Client with a higher fee or a performance fee, including an incentive for favorable Investments to be allocated to a Client with higher fees. The Advisor has the following protections in place to help mitigate the potential for conflicts caused by side-by-side management and performance or incentive-based fee structures:

- A multi-disciplined Investment team with separate reporting lines, including senior management, participates in the initial screening of potential Investments to assess their appropriateness for each Client, taking into consideration such factors as portfolio objectives and property type, risk profile, investment structure, capital availability, geographic location and execution timing constraints. This disciplined process provides effective checks and balances for mitigating the potential for conflicts to be mismanaged by any one individual;
- The capital commitment that the Advisor and/or its Affiliates make to a Client help mitigate any incentive to invest Client capital more speculatively than it otherwise would in an effort to generate outsized returns;
- A proposed Investment recommendation that could be appropriate for Clients with any investment objectives or guidelines in common in any respect and are otherwise required to be presented to a particular Client will be allocated among the various Clients in accordance with the Clients' Governing Documents and on a basis that the Advisor believes in good faith to be fair and reasonable. In determining a fair and reasonable allocation between various Clients, the Advisor will apply its investment allocation procedure. It is possible that the application of these procedures will result in a disproportionate or non-pro-rata allocation of an Investment among Clients, and the allocation of an entire Investment to a particular Client. Further, there are instances where an Investment is declined by the portfolio manager of the Client holding the highest priority in the investment allocation queue. This could be because the Investment falls outside the Client's investment strategy, return target, target market, risk characteristics, required leverage levels, tax or strategic considerations as stated in the Client's Governing Documents. In other circumstances there could be limitations such as the lack of available capital or the timing is not conducive to the Client. For Investments (or portions thereof) remaining available after the investment allocation procedures have been applied, the Advisor, Affiliated Entities or other Investors can, and have, elected to proceed and invest in an Investment. The allocation of co-investment opportunities in an Investment with respect to a Client that was allocated an Investment to which the co-investment opportunity relates will be made solely at the discretion of the Advisor or its Affiliates, and it is possible that such allocations are not always necessarily fair and equitable among all Co-Investors. Please see Item 11 "Co-Investments" for additional details on co-investments;

- The Advisor's Investment recommendations are created, reviewed and approved in accordance with the investment guidelines as defined in each Client's Governing Documents. These recommendations, where applicable, take into consideration possible conflicts including whether other Clients have assets within the sub-market and are directly competitive to the Investment being recommended; and
- All Investment recommendations are reviewed and require majority approval by the Advisor's Investment Committee (the "Investment Committee"), which consists of the Advisor's senior officers that are responsible for oversight of Client Investments.

Item 7. – TYPES OF CLIENTS

We provide investment advice to our Clients, which are the Funds, Separate Accounts, Co-Invest Entities, and Client Entities described in Item 4 "Advisory Business". Client Investors can be expected to consist of one or more of the following:

- Public and private retirement and pension plans;
- Insurance companies;
- State and municipal government agencies;
- Sovereign wealth funds;
- Private investment funds;
- Public and private profit-sharing plans;
- Banks and other financial institutions;
- Charitable organizations and foundations, including endowment funds;
- Investment companies;
- Trusts and estates;
- Corporations;
- Family offices;
- Certain high net worth individuals;
- Platform feeder parallel, or fund of fund vehicles;
- Ownership Entities, Related Entities and Affinius Capital personnel; and
- Business entities other than those listed above.

Clients are not registered or required to be registered under the Investment Company Act, and interests in the Clients are privately placed to the following types of qualified Investors:

- U.S. investors who are:
  - accredited investors, as defined in the Securities Act of 1933;
  - qualified purchasers, as defined in the Investment Company Act;
  - qualified clients, as defined in the Advisers Act; and/or
  - knowledgeable employees, as defined in the Investment Company Act.
- Non-U.S. investors that meet comparable qualifications in the relevant jurisdiction.

Investors must also meet certain other suitability qualifications prior to making an investment in a Client. In many cases, Clients require minimum capital commitments from an Investor, which are detailed in the relevant Client's Governing Documents. The Advisor has accepted and is permitted to accept minimum subscriptions and commitment amounts of less than the stated minimum amount in its discretion.

Item 8. – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISKS OF INVESTING

Methods of Analysis and Investment Strategies

The Advisor provides commercial real estate advisory services focused on equity and debt Investments, investing across the risk spectrum and capital structure and in various ventures and properties located in the U.S., and to a lesser extent, in non-U.S. markets. For its equity Investments, the Advisor focuses on and seeks risk-adjusted returns and our investment approach includes:

- Developing and acquiring quality Investments with strong elements of design, size, access and marketability;
- Thoughtfully selecting Investments in targeted locations;
- Maintaining discipline around replacement cost; and
- Actively managing each Investment with a view toward an ultimate exit strategy.

For its debt Investments, the Advisor focuses on risk-adjusted returns in its credit and opportunistic Investment strategies. Credit Investments generally consist of first mortgage loans and subordinated loans including B-notes, mezzanine debt, B-Pieces and other tranches of commercial mortgage-backed securities ("CMBS") backed by high quality commercial real estate. Investments are originated based on market conditions, and for certain loans products, are acquired. Loans are backed by stabilized properties, properties with a value-add component and ground-up construction projects.

Opportunistic strategies capitalize on distress or dislocation in the market or tactical market opportunities including those driven by declining values and increased liquidity needs such as:

- Preferred equity strategies;
- Opportunities to recapitalize or re-equitize and de-lever existing transactions (e.g. through preferred equity and other "gap capital" solutions);
- Opportunities to acquire assets or debt secured by assets at attractive valuations;
- Investments in real estate assets, with a focus on assets either benefiting from or essential to service long-term shifts in consumer behavior and/or corporate requirements driven by technological or other innovation; and
- Investments in real estate operating companies and scalable programmatic partnerships.

The Advisor aims to discern the intrinsic value of underlying assets considering macroeconomic forces and regional and local impacts, and to structure each prospective Investment with the flexibility to optimize potential upside while also reducing downside risk.

Investment Property Types

We invest in and lend on industrial/logistics, multi-family and other housing, media content production studios, data centers, life science, office, retail, hotel properties, mixed-use properties, land and land development, and other real estate or infrastructure assets.

Industrial/Logistics. Our industrial/logistics strategy is based on developing, acquiring and/or financing warehouse properties in major distribution markets and in the logistics path of major population centers with strong long-term demand prospects. We focus primarily on build-to-suit or

build-to-core developments as well as acquisitions to achieve stabilized, substantially-leased properties. We also pursue Investments in assets with current vacancies or opportunities with near-term lease rollovers at below-market rents, which can be purchased at below replacement cost. A significant segment of our activity is driven by the rapidly growing demand for warehouse and distribution space from e-commerce firms and their supply chain partners and suppliers.

Multi-Family and Other Housing. Our multi-family and other housing strategy is to develop, acquire or lend on well-built, well-located assets in markets with good long-term economic and demographic fundamentals. Our Investments include all classes of multifamily rental housing, institutional-quality housing land development, senior or age-restricted housing, student housing, or other product types within the housing umbrella, and span the demand base from premium, workforce and affordable housing. Certain housing Investments include ground-up development, land development or substantial renovation (e.g., re-positioning or redeveloping an Investment, such as renovating existing apartment projects or converting a commercial property to apartments). Our acquisition strategy in the sector focuses on acquiring Investments below replacement cost that offer a chance to add value through renovation and enhanced property management.

Data Centers. Our data center strategy is to develop and possibly acquire data center real estate to serve the extensive demand for state-of-the-art data storage and access in support of today's digital economy. Whether hyperscale (i.e. large, single tenant), co-location or wholesale data facilities (i.e. multi-tenant), data centers require significant power, cooling, data connectivity, reliability and security. Our existing and prospective Investments are focused on land development, vertical development, powered shell and/or complete delivery of data center solutions for technology and other companies.

Media Content Production Studios. Our media content production studio strategy meets today's intersection of real estate and technology with the rapid increase in demand for and production of movie, television and streaming content. It includes the acquisition, improvement and development of state-of-the art studio production, support and office space.

Life Sciences. Our life sciences strategy focuses on developing, financing and possibly acquiring life science real estate to serve the robust and growing demand for such space in the U.S.'s leading markets for medical, biological, pharmaceutical and other associated research and development.

Mixed-Use Properties. Our mixed-use real estate strategy focuses on owning, developing, redeveloping and/or financing properties, which include multiple real estate uses in the same project, to attract users and customers to a vibrant district, thereby attempting to develop or operate real estate that is attractive to urban planning objectives and/or create additional or enduring value.

Land and Land Development. Our land and land development strategy typically focuses on acquiring land (including land that the Advisor has the option to purchase) to put into use within one of the aforementioned property sectors through entitlement, rezoning and/or development. This strategy often entails holding land for extended periods, buying real estate with a current use which will be modified in the future to create additional value or paying a premium to acquire land in future.

Office. Our office strategy focuses on developing, acquiring and/or financing office buildings or campuses that offer opportunities to create durable cash flows and value, while targeting markets with strong job growth in key sectors of the economy, such as technology, health sciences, finance and media. We primarily seek properties in central business districts, or similarly appealing suburban

locations with a place-making element and strong job growth prospects. Often, we invest to significantly improve existing office assets to meet today's requirement for modern, efficient and upscale office projects with amenities appropriate to attract high quality tenants. One specific component of our office strategy is to invest in properties leased to agencies of the U.S. federal government, through development and acquisition activities.

Retail. Our retail strategy focuses on owning, developing, redeveloping and/or financing shopping centers or retail components of mixed-use properties across a variety of submarkets, demographics and retail formats. The strategy includes investment opportunities in grocery anchored retail centers, large outdoor shopping centers with an emphasis on big-box stores, urban retail, urban retail mixed-use, single-tenant net-leased retail and certain regional malls.

Hotel. Our hotel strategy, while presently a small portion of our portfolio and strategic focus, seeks to finance, develop and/or acquire high quality hotel properties in the limited service, full service and resort categories.

Infrastructure. Our infrastructure strategy is focused primarily on investing in digital infrastructure. Digital infrastructure includes those assets required to support critical digital communication devices, systems and processes that power the modern economy such as data centers, cold storage facilities, wireless communication towers, fiber optic networks, renewable energy and distributed power generation. We are also permitted to pursue opportunities in more traditional, critical need infrastructure including power, water and wastewater, transportation and other public-oriented infrastructure.

Investment Research and Analysis

As part of our active management process, we utilize our proprietary research and investment approach to identify an opportunity and value across property types, markets and individual properties. Our investment analysis typically includes input as needed from our Research, Investments, Development, Portfolio Management and Asset Management teams which informs the Advisor's overall investing outlook, including with respect to new strategies. The Investments, Development, Asset Management and Research teams work closely with the Portfolio Management team in an ongoing and cooperative fashion, honing portfolio strategy, investment underwriting, sector and market targets, perspectives on the economic and real estate cycles, business plans and execution strategies, hold/sell analysis and market analysis in support of each Client's Investment program.

As necessary over time, in support of the investment process, the Research team provides industry insights and evaluates global macroeconomic, microeconomic, real estate trends and capital market conditions. This research can include monitoring demographic patterns, consumer and corporate behavior, real estate space fundamentals, general liquidity and pricing momentum, interest rate and currency movements, projected economic growth and other factors and trends.

The Investments and Development teams are responsible for, among other areas, evaluating markets, submarkets, market participants and investment or disposition opportunities by Clients. The Investments or Development team prepares investment opportunities and recommendations for evaluation with the Portfolio Management team. The Portfolio Management team, after considering portfolio strategy, diversification, available capital, leverage strategy and all other factors relevant to each Client, opt whether to pursue an Investment opportunity.

In certain circumstances we use as an additional information source proprietary, closed-architecture artificial intelligence models that use machine learning and predictive analytics to examine historical datasets and information. These tools are intended to provide visibility into economic and business cycles while enhancing our understanding of relative investment risk across U.S. metropolitan statistical areas and assist in the investment qualifying process. These tools also help us incorporate downside protection measures at the asset level in connection with underwriting, due diligence and property operations. Please also refer to the information in the risk factor entitled "Artificial Intelligence" below.

Memos on a potential Investment or loan are submitted to the Advisor's Investment Committee for review and consideration. A memo includes an analysis of the compelling reasons for the proposed Investment or loan; a description of the risks and mitigating factors; underwriting analysis and valuation; submarket fundamentals; borrower or sponsor overview; key investment characteristics; and project execution, status and timing. The Investment Committee will evaluate whether the proposed investment will satisfy the particular investment criteria and limitations applicable to the Clients. The Investment Committee must formally approve all new initial platform equity and debt investments, dispositions, and increases to capital needs that differ from the original approval.

Commercial Mortgage Lending

Our Commercial Mortgage Lending ("CML") program invests on behalf of institutions and insurance companies in fixed-rate non-recourse, senior mortgage loans and manages these loans. Certain Clients co-invest in loans through participation arrangements. The CML program focuses its investment strategy on stabilized asset level financing in major property types across primary and secondary markets in the U.S. Loans generally have terms of three to 30 years on institutionally-owned commercial real estate with loan to value targets of 60% or less. The loans are rated using our proprietary rating model at origination and updated through an annual review process. The interest rate charged to the borrower is directly related to risk factors, including loan-to-value, location, property quality and experience level of the borrower.

For each loan older than 12 months, an annual valuation is completed. We calculate the loan-to-value, debt yield, debt service coverage ratio and internal risk rating to determine if any loans require more frequent performance monitoring. In addition, on a quarterly basis for loans older than 12 months, market values are updated using market interest rates that are influenced by certain metrics (i.e., loan-to-value, debt service coverage, occupancy, etc.) determined from the annual valuation process. The market value estimate allows the Advisor to estimate if loans would trade at a premium, discount or par. The market value and annual review processes also allows the Advisor to recommend if loan loss or impairment reserves should be applied to any loans.

For information concerning the custody of CML program assets, please refer to Item 15 "Custody".

Derivative Investments

Derivatives can be used to hedge certain interest rate or currency exposures and are not used for speculative purposes. The Advisor uses third-party consultants to consult on hedging strategies, coordinate execution of its hedging positions and to assist in the coordination of pre- and post-trade documentation. Other consulting services include, but are not limited to, reviewing term sheets for prospective Investments and loans, and providing advice on interest rate, pricing, hedging and guaranty

related language. Please refer to Item 12 "Brokerage Practices" for a description of the Advisor's brokerage practices.

Investment Risk Spectrum

We manage Investment risk as appropriate for each Client, at both the portfolio and Investment levels, including through the use of diversification, limits on leverage and the amount of co-investment. Investing in real estate and other real estate-related interests and originating real estate debt involves various degrees of risk and potential loss. This section describes some of the primary risks of investing in a Client or of engaging us to manage or advise on an Investment. Each Client's Governing Documents includes a more detailed discussion of the specific risks associated with investing in that particular Client.

We seek to mitigate risk and manage each Client so that the risks are appropriate to the Client's strategy; however, it is impossible and not desirable to fully mitigate all risks. The particular risks applicable to a Client or Investment will depend on the nature of the portfolio, its investment strategy and the types of Investments held, as well as macro and microeconomic conditions. In light of current uncertainty and volatility globally in the financial, social and political conditions, certain risks are heightened compared to a more normal environment.

General Risk of Real Estate Investments

Equity investments in real estate are subject to the risks generally incidental to ownership and operation of income-producing real estate. Real estate values are affected positively or negatively by a number of factors, including, without limitation:

- Liquidity level of Investments;
- The availability of cash from operations sufficient to meet fixed obligations;
- Changes in economic conditions affecting real estate ownership directly or affecting the demand for real estate;
- Changes in the global macro-economic climate (including changing costs of materials and supply constraints or delays);
- Financial condition of tenants;
- Local market conditions (such as an oversupply of space or a reduction in demand for space);
- Competition based on rental rates;
- The perceived attractiveness of the properties and their location;
- The need for unanticipated expenditures in connection with environmental matters;
- Changes in real estate tax rates and other operating expenses;
- Adverse changes in laws, governmental rules (including those governing usage, improvements, zoning and taxes) and fiscal policies;
- Acts of nature, including earthquakes, fires, climate risks of cyclones, storm surge/sea-level rise, floods, wildfires, heat stress and water stress (which can result in uninsured losses and can negatively impact investor interest, occupier demand, operating expenses and capital expenditures);
- Man-made exposures such as wars, riots or acts of terrorism;
- Pandemics;
- Environmental and waste hazards;
- Energy and supply shortages;
- Uninsured losses or delays from casualties or condemnation;
- Structural or property level latent defects;

- Changes in the broader perception of commercial properties as an investment class;
- Quality of maintenance, insurance and management services;
- Changes in interest rate levels and the availability of mortgage funds which has the potential to render the sale or refinancing of properties difficult or impracticable; and
- Other factors that are beyond the Advisor's control.

Debt investments share these risks indirectly as such risks have the potential to affect the value of underlying collateral. However, many debt investments are, to certain degrees, isolated from such risks given their senior positions in the capitalization of such collateral relative to the equity ownership position.

Competitive Markets

Competition for real estate investment opportunities can be high, and such competition can limit the ability to acquire desirable target assets, affect the underwriting or pricing of assets or adversely impact Investment returns. Some of these competitors for real estate investment opportunities could have different investment objectives than our Clients, enabling them to accept more risk, pay higher prices or invest on inferior terms or accept lower returns than we deem reasonable or appropriate for a Client. To the extent applicable, participation in auction transactions will also increase the pressure on the price of a transaction. There can be no assurance that real estate investments of the type in which we seek to invest will continue to be available, that available investments will meet our investment criteria or that we will be able to fully invest a Client's committed capital.

Failure to Meet Targeted Returns

Investments are made based on the Advisor's estimates or projections of internal or time weighted rates of return, cash on cash returns and other similar metrics, which in turn will be based upon various factors, including projections of future growth rates and interest rates of applicable markets, development and redevelopment and/or operating costs, rental and lease-up rates of commercial properties and disposition timing and proceeds, all of which are inherently uncertain. The actual performance of the Investments has the potential to differ from the projections of the Advisor and can differ materially. Clients have no assurance that the Investments made by the Advisor will achieve targeted total returns on Investments.

Illiquidity

Equity and debt real estate assets are relatively illiquid. The ability to dispose of real estate assets in a timely or favorable manner is subject to many factors beyond our control, including, but not limited to, general economic conditions, supply and demand, the availability of capital (whether from lenders or investors), market disruptions and interest rates.

Inflation and Deflation

Inflation risk is the risk that the value of certain Investments or income thereon will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of Investments can decline. Deflation risk is the risk that prices decline over time – the opposite of inflation. Deflation could have an adverse effect on the creditworthiness of Investments in which a Client invests, which would increase the risk of defaults, which could result in a decline in the value of the Investments. High rates of

inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Persistently high levels of inflation could have a material and adverse impact on the Fund's Investments and its aggregated returns. For example, if an Investment were unable to increase its revenue while the cost of relevant inputs was increasing, the Investment's profitability would likely suffer. Likewise, to the extent an Investment has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, the Investment could increase revenue by less than its expenses increase. Conversely, as inflation declines, an Investment could see its competitors' costs stabilize sooner or more rapidly than its own. Additionally, because the preferred return is not linked to the rate of inflation, as the rate of inflation increases, the proportion of real returns (i.e., the nominal rate of return less the rate of inflation) treated as preferred return decreases and the proportion of real returns subject to performance-based compensation increases. There can be no assurance that high rates of inflation will not have a material adverse effect on the Investments of a Client.

Valuation

Valuation of real estate and real estate debt is subject to numerous assumptions and is not a precise measure of realizable value. The value of an Investment as of a particular date can be materially greater than or less than the value if an Investment were to be liquidated as of such date. Volatile market conditions or illiquidity of real estate investments could result in liquidation values that are materially less than the values of such assets as reflected in a portfolio. Investment valuations affect the management fees payable to the Advisor and there could be circumstances where the Advisor is incentivized to determine valuations that are higher than the actual fair value of Investments. Valuations will not always reflect actual sale prices, and investments could be sold for less than their carrying value. The Advisor is generally not required to adjust valuations, which means fees and compensation could be based on amounts that exceed an investment's ultimate realizable value. See "Valuation Matters" in Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" for information regarding this.

Concentration Risk

A real estate investment portfolio that is concentrated in a particular country, region, market, industry sector or asset class could be more susceptible to loss due to adverse occurrences. Concentration in a certain country, region, market, sector or asset class can also result in the risk of a less diversified real estate investment portfolio. Furthermore, to the extent that the capital commitments raised are less than the targeted amount or a Client requires an extended period of time to raise such capital commitments, such Client might not be able to implement its investment strategy or achieve its investment objectives in the intended manner or on the intended timeline. Such Client will likely invest in fewer Investments and/or decline certain investment opportunities if there is insufficient capital available, and thus be less diversified. Additionally, a Client's organizational expenses could be higher if its fundraising period continues for an extended period.

Distressed Investments

An Investment, including debt obligations that are in covenant or payment default, of companies and/or related to certain assets that are currently experiencing or in the future could experience significant

financial difficulties and material operating issues, including companies or assets that have been, are or in the future could become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Such Investments involve a substantial degree of risk that is generally higher than the risk involved in investing in assets that are not currently in and/or are not likely in the future to face financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed assets, there can be no assurance that the Advisor will correctly evaluate the value of the assets used to secure debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such assets. Therefore, in the event that an Investment does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Client could lose some or all of its investment or be required to accept other assets and/or terms that are materially different than the original assets in and/or terms on which such Client invested.

Leverage

In most circumstances, our Investments employ leverage (whether on a temporary or long-term basis) to reduce the equity investment requirement and seek to enhance returns and diversification. While the use of leverage can enhance returns and increase the number of Investments that can be made, leverage increases the exposure of an Investment to adverse economic factors such as rising interest rates and downturns in the economy or in the Investment itself. As an Investment incurs indebtedness, it will become subject to the risks associated with debt financing, including the risks that available funds will be insufficient to meet required payments, that existing indebtedness will not be able to be refinanced or that the terms of that refinancing will not be as favorable as the terms of existing indebtedness. Debt financing can restrict the amount of funds available for distribution to Clients. In addition, there is a risk of loss of principal to the extent of any deficiency between the underwritten value of the collateral and the principal and accrued interest of the mortgage or other loan.

Leverage generally magnifies both a Client’s opportunities for gain and its risk of loss from a particular Investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets could be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it could be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Client generally also will result in fees, creating the risk that interest expense and other costs to such Client would not be covered by distributions made to such Client or appreciation of its Investments. While Client-level borrowings generally will be interim in nature, asset- or intermediate entity-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage remains outstanding. A Client generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Clients and entities managed by the Advisor or any of its Affiliates, including through Client subsidiaries and other intermediate entities, and have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain Co-Investors (including management, any roll-over investors and/or third-party Co-Investors including service providers) will not share in incurring such leverage or the related costs and as a result a Client will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Client incurs leverage (or provides such guaranties), such amounts are permitted to be secured by commitments made by such Client’s Investors and such Investors’ contributions could be required to be made directly to the lenders instead of such Client.

Subscription Lines

A Client generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition, financing or refinancing of the Client's Investments as well as to consolidate or make less frequent capital calls to Investors). Client-level borrowing subjects Investors to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the Investors, Investors could be obligated to contribute capital on an accelerated basis if the Client fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Investor claim against the Client would likely be subordinate to the Client's obligations to a subscription line's creditors.

In addition, Client-level borrowing will result in additional expenses that will be borne by Investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, and expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Client's Investors and the terms of the Governing Documents, it could be higher than the interest rate an Investor could obtain individually. To the extent a particular Investor's cost of capital is lower than the relevant Client's cost of borrowing, Client-level borrowing can negatively impact an Investor's overall individual financial returns even if it increases the Client's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Client-level borrowing typically delays the need for Investors to make contributions to a Client, or results in short-term gains to a Client, which in certain circumstances enhances the relevant Client's return calculations and thereby has the potential to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Client's carried interest arrangements will be met. An Investment financing from a subscription line, rather than from a Client-level equity commitment has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Client-level borrowing can increase the base of a Client's management fee calculation, such as during periods where management fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because management fees are incurred whether an Investment is financed through capital calls or borrowings, and a Client's preferred return typically does not accrue on outstanding borrowings, the Advisor has an incentive to cause the Client to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Client-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Client's investment period, and cause or defer a related change in the basis of the relevant Client's management fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a financing is used to make an investment in an Investment that is later sold in part to Co-Investors (including one or more co-investing Clients) as, to the extent Co-Investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, Co-Investors nevertheless stand to receive the benefit of the use of the borrowing and neither the relevant Client nor Investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Client and the Investors or impose additional obligations on them. For example, certain lenders or

facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of an Investor's interest in a Client or impose concentration or other limits on the Client's Investments, and/or financial or other covenants, that could affect the implementation of the Client's investment strategy and/or an Investor's ability to transfer its interests in a Client. In addition, in order to secure a subscription line, the Advisor is permitted to request certain financial information and other documentation from Investors to share with lenders. The Advisor will have significant discretion in negotiating the terms of any subscription line and is permitted to agree to terms that are not the most favorable to one or more Investors. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, an Investment or other Client subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Client, resulting in a potential net benefit to the Client, or additional potential liquidity constraints or other burdens on the relevant Investment or Client subsidiary.

Client-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund Investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital (including amounts that would have represented multiple capital calls or investment closing absent the use of a subscription line) at once to repay the then-current amount outstanding under the subscription line could cause short-term liquidity concerns for Investors that would not arise had the Advisor called smaller amounts of capital incrementally over time as needed by a Client. This risk would be heightened for an Investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Investor to meet the accumulated, larger capital calls at the same time. Such larger capital amounts could increase the magnitude of potential Investor defaults. A General Partner is authorized to use Client-level borrowing to pay management fees and to reimburse the Advisor for expenses incurred on behalf of the relevant Client. A Client is also permitted to utilize Client-level borrowing when a General Partner expects to repay the amount outstanding through means other than Investor capital, including as a bridge for equity or debt capital with respect to an Investment. If a Client ultimately is unable to repay the borrowings through those other means, Investors would end up with increased exposure to the underlying Investment, which could result in greater losses.

If an Investment appreciates in value and is disposed of prior to repayment, the relevant Client generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by Investors potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to Investors and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Client. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the Advisor to permanently fund the acquisition and ongoing capital needs of a Client's Investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings could be required only at the time of the disposition of an Investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

Investment- and Intermediate Entity-Level Borrowing.

Under the Governing Documents, each Client is authorized to incur indebtedness that is secured by any assets of the Client (e.g., asset-based borrowing, as well as "back leverage" and net asset value ("NAV")

facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of the Client, including without limitation to: finance any investment-related activities of the Client; increase the buying power of the Client; provide interim financing to the extent necessary to consummate the purchase of Investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for expenses, including the payment of management fees or other amounts; make, hold or dispose of Investments; provide financing or refinancing to portfolio companies; the payment of amounts to withdrawing Investors; Client distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case in accordance with the Governing Documents. Further, the Clients are expected to provide credit support (including letters of credit) or guarantee the obligations of one or more intermediate entities or portfolio companies that are joined as "qualified borrowers" or "portfolio company borrowers" under a Client's financing facility for the purpose of providing financing to one or more of such entities in support of one or more Investments. Such guarantees generally include recourse carve outs, environmental guarantees, repayment guarantees, completion guarantees, and/or other guarantees, as required by a lender. Where multiple Clients are involved, some will serve as guarantors and some will enter into a cross indemnity agreement with the guarantor Clients, in each case, depending on the applicable Governing Documents, lender requirements and financial status of the Client. Other investors or owners of such intermediate entities (or portfolio companies) generally will not share in the obligations, risk and/or cost of such financing, or the guarantees or other credit support the relevant Client provides in respect thereof under the relevant subscription facility. As a result, in a situation where additional credit support is required, the Client and not such other investors or owners would be obligated to provide such amounts. However, these other Clients, investors or owners have the potential to benefit indirectly therefrom, to the extent the financing improves Investment performance. Although in many cases the Governing Documents impose limits on borrowings at the Client level, Investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant Investments. In addition, in some cases, a guarantor fee will be paid to the Advisor of a Client providing a guarantee, while in other cases no such fee is paid.

Cross-Guarantees and Cross-Collateralization

In certain circumstances, a Client and/or its Investments are permitted to enter into cross-guarantees and/or cross-collateralization arrangements with other Clients and/or investment vehicles, accounts or clients managed by, sponsored by, or affiliated with, certain Affiliated Entities, including Co-Investors. These arrangements are used particularly in circumstances where better financing terms are available through such a structure, although, as further discussed in "Investment – and Intermediate Entity-Level Borrowing," they are used in a variety of circumstances as required by a lender, and not all Clients will be involved to the same degree and in all cases, even if they ultimately benefit. It is often better (or commercially required) for a counterparty to view the various entities as one single "Affinius Capital Advisors" or "Affinius Capital" party. While cross-collateralization of Investments is expected to enable a Client to obtain more favorable terms for certain indebtedness, any cross-collateralization with other Clients and/or such other vehicles, accounts and/or Clients could result in a Client losing its interests in otherwise performing Investments due to poorly performing or non-performing Investments of other Clients and/or such other vehicles, accounts and/or Clients (including Co-Investors) and a Client's obligations under such cross-collateralization arrangements could be expected to apply to Investments in which that Client has not participated. Investors could also be required to fund capital contributions to

cover a Client's obligations under such a default. Additionally, although the Advisor generally structures Clients to avoid circumstances in which one Client ultimately bears liability for all or part of the obligations of another Client or any Affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Client entities, which could result in a single Client being solely liable for other Clients' share of the relevant obligation and/or joint and several liability among Clients. In such cases, the Advisor endeavors to cause the relevant other Clients to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Client undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which a Client will be treated as in default under the relevant facility in the event of a default by another Client or an Affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Client's investors could suffer adverse effects resulting from any default by any Client or an Affiliate, whether or not related to the Client in which such investors have invested.

Bad Boy Guarantees

Commercial real estate financings are generally structured as non-recourse to the borrower, which limits a lender's recourse to the property pledged as collateral for the loan, and not the other assets of the borrower or to any parent of the borrower, in the event of a loan default. However, lenders customarily will require that a creditworthy parent entity enter into so-called "recourse carveout" guarantees to protect the lender against certain bad-faith or other intentional acts of the borrower in violation of the loan documents. A "bad boy" guarantee typically provides that the lender can recover losses from the guarantors for certain bad acts, such as fraud or intentional misrepresentation, intentional waste, willful misconduct, criminal acts, misappropriation of funds, voluntary incurrence of prohibited debt and environmental losses sustained by the lender. In addition, "bad boy" guarantees typically provide that the loan will be a full personal recourse obligation of the guarantor for certain actions, such as prohibited transfers of the collateral or changes of control and voluntary bankruptcy of the borrower. It is expected that the financing arrangements with respect to Client Investments generally will require "bad boy" guarantees from the respective Client and in the event that such a guarantee is called, the respective Client's assets could be adversely affected. Moreover, a Client's "bad boy" guarantees could apply to actions of the joint venture partners associated with the respective Client's Investments. While the General Partners expect to negotiate indemnities from such joint venture partners to protect against such risks, in certain cases, the acts of such joint venture partner result in liability to a Client under such guarantees.

REITs

Entities that we elect to establish as a REIT do not pay federal income taxes if they meet the requirements to qualify as a REIT. REITs are permitted or required to be part of the structure of certain Clients, which subjects those Clients to REIT-related risks. REITs depend generally on their ability to generate cash flow to make distributions to shareholders. If any REIT were to fail to qualify as a REIT in any taxable year, it would have adverse tax consequences, creating a risk that an Investment in that REIT could perform negatively. In addition, the performance of a REIT could be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income. Creation and maintenance of REITs will result in expenses, which will be charged to and borne by all Investors in the REIT structure even if some Investors do not have a tax position that required investment through a REIT.

Uninsured Loss

Certain types and magnitudes of potential losses for our real estate Investments are not insured because it is not economically feasible to insure against such losses or because an Investment is subject to certain insurance limitations, including large deductibles or co-payments. Should an uninsured loss or a loss in excess of certain limits occur, the Client could lose its capital invested in such Investments as well as future revenue, while remaining liable for any debt or other financial obligations related to such Investments. For debt Investments, if the property owner suffers an uninsured loss, the property could be impaired, and the lender's secured position can also be impaired.

Expedited Transactions

Investment analyses and decisions by the Advisor are frequently required to be undertaken on an expedited basis to take advantage of time-sensitive investment opportunities. In such cases, the information available to the Advisor at the time of making an Investment decision could be limited, and no assurance can be given that the Advisor will have knowledge of all circumstances that could adversely affect an Investment. In addition, the Advisor often relies on independent consultants in connection with their evaluation of proposed Investments. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and the Clients could incur liability as a result of such consultants' actions.

Foreign Investments

With any Investment outside the U.S., there exist certain economic, political and social risks that might not be found in a similar Investment in the U.S. Investments are generally denominated in the currency of the jurisdiction where the Investments are located and thus are subject to fluctuation in currency exchange which can affect the value of the assets. Such Investments could be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of a Client) and the application of complex tax rules to cross border investments, possible imposition of non-U.S. taxes on a Client and/or the Investors with respect to such Client's income, and possible non-U.S. tax return filing requirements for such Client and/or the Investors. To mitigate such risks, Clients can obtain financing in the relevant foreign currency and are permitted to enter into hedging transactions. While such hedging transactions can reduce such risks, they can also result in poorer overall performance for a Client than if it had not entered such hedging transactions.

In addition, laws, regulations and conditions in foreign countries may impose restrictions or risks that would not exist in the U.S. and may require financing and structuring alternatives that differ from those customarily used in the U.S.

Outbound Investment Regulation.

In August 2023, the President of the United States issued an executive order setting forth a framework to implement outbound investment controls regulating U.S. investment in certain countries and companies deemed to be adverse to U.S. national security and foreign policy interests. In October 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order and establish an outbound investment security program ("OISP"), which became effective on January 2, 2025. OISP

imposes notification requirements for, and certain prohibitions relating to, investments by "U.S. persons" as well as their "controlled foreign entities" into certain entities that have both a nexus to China and that involve semiconductors and microelectronics, quantum information technologies or artificial intelligence. On February 21, 2025, the President of the United States signed a National Security Presidential Memorandum entitled "America First Investment Policy," which indicates that the OISP restrictions may be expanded to cover biotechnology, hypersonics, aerospace, advanced manufacturing and directed energy, among other sectors, and it is likely that the number of targeted sectors will expand over the life of a Client. The OISP restrictions could limit the universe of prospective Investments available to a Client, making it more difficult to deploy capital and/or identify buyers for Investments on exit. Any failure to comply with OISP could result in significant legal and monetary penalties and/or adverse reputational and other consequences.

CFIUS and National Security Clearance Considerations.

Certain investments by a Client that involve the acquisition of, or investment in, a U.S. business (including a U.S. subsidiary of a portfolio company domiciled outside of the United States) or U.S. assets could be subject to review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS") depending on, among other factors, the structure, beneficial ownership and control of interests in the Client and the nature of the U.S. business. CFIUS reform legislation (the Foreign Investment Risk Review Modernization Act) and related regulations empower CFIUS to scrutinize more closely investments in U.S. "sensitive personal data," "critical infrastructure" and "critical technology" companies, including investments involving non-U.S. limited partners or co-investors that may be deemed "non-passive." Certain transactions involving non-U.S. persons and U.S. "critical technology" companies, as well as sovereign investments in "critical technology," infrastructure or data businesses, can be subject to mandatory pre-closing notification requirements, and monetary penalties may attach to a party's failure to file such a notification. In addition, non-U.S. countries are increasingly taking action to strengthen their own foreign investment clearance ("FIC") regimes, and as a result, certain investments by a Client could likewise be subject to review by non-U.S. FIC regimes if the investments are perceived to implicate national security policy priorities. CFIUS and other FIC regulatory practices are evolving rapidly, and CFIUS and other FIC regulators have substantial discretion in deciding how to interpret, apply and enforce the relevant regulations.

Any review and approval of a Client investment by CFIUS or another FIC regulator could have outsized impacts on transaction certainty, timing, feasibility and cost, among other things. In the event that CFIUS or another FIC regulator reviews one or more of the Client's proposed or existing investments, it may seek to impose limitations on or prohibit such investments, and there can be no assurances that the Client will be able to proceed with, or maintain, such investments on terms acceptable to the Client. Such limitations or restrictions could adversely affect a Client's performance with respect to such investments (if consummated) and thus the Client's performance as a whole. Failure to submit required CFIUS filings could result in significant financial penalties for each transaction party, as well as reputational damage and potential legal restrictions on future investments. In addition, CFIUS is actively pursuing transactions that were not notified to it and may ask questions regarding, or impose restrictions or mitigation on, transactions post-closing.

Certain Client investors are expected to be non-U.S. investors, and in the aggregate, could comprise a substantial portion of the Client's commitments, which increases the risk that Client investments could be subject to review by CFIUS. To the extent that restrictions are reasonably likely to be imposed on an investment by the Client due to the non-U.S. status of a limited partner or group of limited partners or

other related CFIUS or FIC considerations, the relevant General Partner is permitted to restrict such limited partner's or group's ability to participate in any investment and further, if applicable, restrict such limited partner's or group's rights to participate in or vote on certain decisions of the relevant advisory committee with respect to such investment. However, there can be no assurance that any such restrictions will allow the Client to maintain, or proceed with, any investment on terms acceptable to the Client.

In addition, heightened scrutiny of foreign investment in companies by CFIUS and similar non-U.S. FIC regulators could potentially constrain the universe of suitable buyers for an investment, thereby making it more difficult for a Client to recognize value from exits and/or making exit transactions more difficult.

International Conflicts and Geopolitical Events

Wars and other international conflicts, such as the ongoing U.S.-Iran hostilities and Iran's retaliatory actions throughout the Middle East, the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses.

These conflicts, as well as heightened tensions in other regions, have also contributed to increased geopolitical uncertainty and volatility in global financial markets. The situation remains highly fluid and volatile, with significant uncertainty as to how events will unfold. Such developments have affected, and may continue to affect, energy and commodity prices, international shipping routes, supply chains, insurance markets and cross-border capital flows. Escalation, expansion or spillover of existing conflicts, or the outbreak of new conflicts between regional or global powers or their aligned groups, could materially disrupt economic activity, increase market volatility, reduce investor confidence and adversely affect the availability or cost of financing. The duration, scope and potential consequences of such hostilities are inherently uncertain and may change rapidly, and any such developments could have a material adverse effect on the Advisor's investments, operations, and performance.

The ultimate impact of these conflicts (and other geopolitical events, including national referenda, elections, interest rates, political movements, humanitarian crises, national and international policy changes, actual or perceived trade wars, import or export controls, tariffs, executive orders, laws, legal systems and regulatory regimes) and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Advisor, its Clients, or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

These matters may have a significant adverse impact and result in significant losses to the Clients. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities, supply chain disruptions and reductions in the availability of capital. It may also limit the ability of a Client to source, diligence and execute new Investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Client intends to pursue, all of which could adversely affect the Client's ability to fulfill its investment objectives.

Sustainable Investment Risks

The global regulatory environment applicable to sustainability strategies is evolving and will lead to increased complexity and potentially conflicting regulatory regimes applied to the Advisor and the Clients we manage. Further, certain sustainability-related regulations (including the growing number of cities, states, and provinces across North America enacting Building Performance Standards ("BPS") which require buildings to meet certain standards, "anti-ESG policies" as well as European Union's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector), contain elements that could change account-level disclosures, regulatory requirements, or internal procedures. The Advisor and its related practices could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and the Advisor cannot guarantee that its current approach to any related practices will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs. Compliance with sustainability-related regulations could also lead to increased costs for relevant Clients.

Clients do not pursue investment strategies that relate solely to sustainability matters. Nonetheless, the Advisor is permitted to consider sustainability factors when making an investment decision and in managing certain Clients, provided they are consistent with the Clients' interests and investment objectives. Applying material sustainability factors to investment decisions is qualitative and subjective by nature, and the Advisor expects to be subject to competing demands from different Investors and stakeholder groups with divergent views on sustainability (including the role of sustainability factors in the investment process). The materiality of sustainability factors depends on many factors, including the relevant industry, location, asset class, topic and investment strategy. Sustainability factors, issues and considerations do not apply in every instance and will vary by Client and Investment.

Additionally, sustainability practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by asset managers. The Advisor's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is no guarantee that the criteria utilized by the Advisor, or any judgment exercised by the Advisor, will reflect the belief, values, internal policies or preferred practices of any particular Investor, other asset manager or market trends. In addition, in evaluating an investment, the Advisor expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Advisor to incorrectly assess a company's sustainability practices and/or related risks and opportunities. The Advisor does not intend independently to verify all sustainability information reported by investments or third parties. Although the Advisor views the integration of sustainability factors to be an opportunity to potentially enhance or protect the performance of its Investments over the long-term, the Advisor cannot guarantee that its sustainability practices will positively impact the performance of an individual Investment or Client.

The Advisor does not expect to subordinate a Client's investment returns or increase a Client's investment risks as a result of (or in connection with) the consideration of any sustainability factors.

Sustainability Event Risk

Sustainability event risk means an event or condition, that, if it occurs, could potentially or actually cause a material negative impact on the value of an Investment. Sustainability event risk can either represent a

risk on its own or have an impact on other risks and contribute significantly to such risk, including market, liquidity or operational risks.

With regard to an environmental event or condition, real estate could be severely damaged or destroyed by physical climate risks, including climate change that could materialize as either singular extreme weather events (for example, floods, storms and wildfires) or through long-term impacts of climatic conditions (such as precipitation frequency, weather instability and rise of sea levels). Certain of the Clients' Investments are located within geographical regions in the United States and foreign jurisdictions that currently are, and in the future will continue to be, affected by increasingly severe and adverse weather conditions across the globe, including, among others, hurricanes, tornadoes, high winds, wildfires, changes in rainfall patterns, inland or coastal flooding, and rising sea levels. Impacts from such climate-related disasters, as well as impacts from other natural disasters such as earthquakes and tsunamis may present significant risks to global financial assets and economic growth. As regions experience changes to the climate and extreme weather events become more frequent and intense, real estate assets held by Clients that are located in such regions could be adversely impacted by direct damage to buildings and other improvements thereon and result in loss of revenue, the incurrence of unplanned capital and other expenses not covered by insurance, and increased operating expenses for such properties, including utility, insurance and maintenance costs. Climate related changes and resulting hazards may stress local populations (including as a result of malnutrition, mortality, and population migration), real estate financing and operational systems, and local infrastructure to the point where such changes and hazards negatively impact local market attractiveness of such properties as investments and rental market growth, and ultimately decrease demand for and value of commercial real estate in such regions. Any resulting losses from such climate changes and hazards could adversely impact the Clients' investment returns.

Furthermore, transition risks can affect real estate assets through the adjustment to a low carbon economy. For example, political decisions could increase energy prices or lead to higher Investment costs due to necessary refurbishments of real estate to meet enhanced energy efficiency requirements (caused by local, national, regional or global legislation). Transition risks could also lead to a reduction in demand for energy inefficient real estate. The market value of real estate could also be negatively affected by sustainability risks, for example through adverse changes in revenues,higher costs or impaired valuations and sales prices.

Adequacy and Availability of Insurance

While the Advisor generally seeks to make Investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, this is not always practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as could be derived in a timely manner from covered risks could be inadequate to completely or even partially cover a loss, an increase in operating and maintenance expenses and/or a replacement or rehabilitation of an Investment. Certain losses of a catastrophic nature, such as those caused by wars, earthquakes, pandemics, terrorist attacks, climate change or other similar events, could be either uninsurable or insurable at such high rates as to adversely impact a Client's returns. In addition, the availability of adequate insurance is subject to market factors and recent trends have increased both the cost of (in some cases substantially) and the difficulty of obtaining such policies, which trend could continue depending upon various market conditions.

Environmental Risks

An Investment could be exposed to substantial risk of loss from undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves or insurance for such matters. Under various U.S. federal, state, local and non-U.S. laws, ordinances and regulations, an owner of real property could be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws could impose joint and several liability, obligating a party to pay more than its share, or even all, of the liability. Such liability could also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental claims with respect to a specific Investment could exceed the value of the Investment, and under certain circumstances, subject the other assets of the Client to such liabilities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they could incur in connection with the contamination.

The cost of investigation, remediation, management or removal of hazardous or toxic substances is potentially substantial and could adversely affect the ability to sell or lease an Investment or obtain financing. The presence of such substances, or the failure to properly remediate contamination from such substances, could adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on a Client's return from such Investment.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which could adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, certain Client's operating costs and performance could be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to Investments of such Clients, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations could also restrict development of, and the use of, property. Certain clean-up actions brought by federal, state, county and local agencies and private parties could also impose obligations and result in additional costs to the Client.

Harmful Mold and Other Air Quality Issues

Under various laws, ordinances and regulations of the jurisdictions in which the Advisor operates, an owner of real property could be liable for the costs of removal or remediation of certain harmful mold in such property. Such laws may hold the owner liable regardless of 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. The Advisor performs extensive physical testing to detect harmful mold surface exposure. However, when excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to radon, airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne

contaminants at any of the properties could require undertaking a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose a Client to liability from tenants, employees of tenants and others if property damage or health concerns arise.

Commercial Mortgage Loans

The risk of loss on an Investment in a commercial mortgage loan will be largely dictated by whether the borrower is delinquent in its payment obligations or otherwise defaults on the loan and the severity of losses incurred as a result of the same. Factors influencing defaults and the resulting severity of losses include a broad range of factors, including (i) economic and real estate market conditions and their corresponding effects on property values, (ii) the terms and structure of the loan itself, and (iii) the lender's ability to realize upon the real property collateral securing the loan. The performance of any given commercial mortgage loan will be materially affected by the ability of the underlying property to attract and retain tenants and the ability of tenants to make their lease payments. The failure to properly underwrite the value of the underlying real property when making loans will impact the likelihood of a loan default and loss on Investment.

Commercial mortgage loans are generally not fully amortizing and therefore could have a significant principal balance or "balloon" payment due on maturity. Such loans involve a greater risk to a lender than fully amortizing loans because the ability of a borrower to make a balloon payment typically will depend upon its ability either to fully refinance the loan or to sell the property securing the loan at a price sufficient to permit the borrower to make the balloon payment. The ability of a borrower to effect a refinancing or sale will be affected by a number of factors, including the value of the property, the level of available mortgage rates at the time of sale or refinancing, the borrower's equity in the property, the financial condition and operating history of the property and the borrower, tax laws, prevailing economic conditions and the availability of credit for loans secured by the specific type of property.

Commercial mortgage loans generally are non-recourse to borrowers. In the event of foreclosure on a commercial mortgage loan, the value of the collateral securing the loan at the time of foreclosure could be less than the principal amount outstanding on the loan and the accrued but unpaid interest thereon. Although recourse is typically allowed against a borrower affiliate guarantor with respect to certain actual losses and, in some cases, the entirety of the outstanding obligations to the lender, the terms and scope of such recourse guaranties are subject to substantial commercial negotiation and can be practically difficult to enforce in a court of law.

Although a lender will have certain remedies upon a borrower default, including foreclosing on the underlying property in the case of a commercial mortgage loan or an agricultural loan, certain contractual requirements, legal requirements and borrower defenses can limit the ability of the lender to effectively exercise such remedies. The laws with respect to the rights of debtors and creditors in certain jurisdictions may not be comprehensive or well-developed, and the procedures for the judicial or non-judicial enforcement of such rights may be of limited effectiveness resulting in the potential for losses on defaulted loans. If the lender acquires title to an asset through foreclosure, it may be subject to the burdens of ownership of real property, which include paying expenses and taxes, maintaining the asset and ultimately disposing of the asset. No assurance can be given that there will be a ready market for the sale of any real property acquired by a lender pursuant to a foreclosure or, if the property can be sold,

that any such sale will be made at a price sufficient to cover all of the borrower's obligations to the lender under the defaulted loan.

Interest Rates

To the extent that floating-rate financing is employed in debt financing, changes in interest rates, particularly short-term interest rates, have the potential to immediately and significantly decrease the results of property operations and cash flows and the market value of relevant Investments. If fixed-rate financing is employed and interest rates subsequently decline, this can result in the borrower paying interest rates at above-market rates for a significant period of time. On occasion we enter into interest rate swap or cap agreements for the purpose of hedging interest rate risk, or we pursue other hedging strategies. It is possible these activities will not fully protect the borrower from the impact of interest rate risk and hedging-involved costs that can adversely impact Investment performance.

Systemic Risk

Credit risk could arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs. A default by one institution could cause a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and could adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which certain Clients interact. A systemic failure could have material adverse consequences for Clients and on the markets, including the real estate market.

Uncertain Economic, Social and Political Environment

Consumer, corporate and financial confidence could be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty could reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn could have an adverse effect on the economy generally and on the ability of a Client and its Investments to execute their respective strategies. This has the potential to slow the rate of future investments by such Client and result in longer holding periods for Investments. Furthermore, such uncertainty or general economic downturn could have an adverse effect upon such Client's Investments.

Reliance on Key Personnel

Control over the operation of the Clients, including decisions with respect to structuring, negotiating, purchasing, financing and disposing of Investments, will be vested with the relevant General Partner, and limited partners generally have no right or power to take part in the management of the Clients. Consequently, limited partners rely on the ability of the relevant General Partner to locate and evaluate the investments to be made by the Client. The success of the Clients will depend in large part on the skill and expertise of Advisor's investment professionals and other key personnel. The death, disability or departure of a key person has the potential to adversely affect the performance of our Investments. There can be no assurance that such personnel will continue to be associated with or remain in the same roles at Advisor, and a loss of the services of any such personnel for any reason and for any period of time could

impair Advisor's ability to implement its investment program or avoid losses. In light of ever increasing competition among alternative asset firms, financial institutions, fund sponsors and other industry participants for hiring and retaining qualified personnel, there can be no assurance that any personnel will continue to be associated with, or remain in the same roles, at Advisor.

Reliance on Joint Venture Partners and Other Third Parties

Some Investments are made through joint venture partnerships, Co-Invest Entities, Client Entities or other co-investment arrangements formed for the purpose of investing in real estate. A Client is generally permitted to co-invest through such arrangements with one or more Affiliated Entities or third parties as a co-venturer or partner, including with the seller of the property, an affiliate of the seller, a person involved in the disposition, development or acquisition of the property, an investor in the Client (or other vehicle controlled by the Advisor, including certain joint venture vehicles in which the Advisor invests with certain third-party investors (the "Advisor JVs")), or other third parties or Affiliated Entities. Such Investments can have shared or limited control, and the Investment performance in such vehicles can be highly dependent on the credit, acumen and behavior of the relevant operating partners or other entities or individuals that they retain, such as a property managers, leasing personnel, construction managers or general contractors. The co-venturer or partner is permitted to be a joint venture partner or interest holder in another joint venture or other vehicle in which the Advisor or its Affiliated Entities have an interest or otherwise control, including an Advisor JV. Such joint venture partners are generally entitled to compensation under the terms of the joint venture documents (such as acquisition fees, property management fees, consulting fees, development fees, leasing fees, incentive fees, carried interest and promote after liquidation of the Investment) with respect to the services provided by such joint venture partners and their affiliates. Such compensation will, in most cases, be treated as a Client expense and will not, even if it has the effect of reducing any retainers or minimum amounts otherwise payable by the Advisor, be deemed paid to or received by the Advisor or reduce any fees borne by the Clients. Moreover, the Advisor is permitted to receive fees associated with capital invested by a co-venturer or partner relating to Investments in which a Client participates, including in connection with assets or other interests retained by a seller or other commercial counterparty with respect to which the Advisor performs services.

The Advisor often works with operating partners and other joint venture partners with whom it has a long-standing relationship. However, reliance on partners to manage or operate Investments still presents risks, including the possibility that:

- The partner will have economic or other business interests or goals which are inconsistent with those of our Clients;
- The Client will have limited rights with respect to the development or operation of the Investment;
- The Advisor, on behalf of its Clients, and the partner will reach an impasse on a major decision that requires the approval of both parties;
- The partner will encounter liquidity or insolvency issues or could become bankrupt;
- The partner could be in a position to take actions contrary to the Clients' investment objectives;
- The Clients could be liable for actions of the partner; or
- The partner will take actions that subject the Investment to liabilities in excess of, or other than, those contemplated.

In addition, Clients are permitted to co-invest with non-affiliated co-investors or partners whose ability to influence the affairs of the Investments could be significant, and even greater than that of the Client, such

that the Client would have limited rights with respect to the development or operation of the Investment and could be required to rely upon the abilities and management experience of a co-venturer or partner. For example, the Advisor reserves the right to direct a Client to invest in one or more Advisor JVs. The Advisor's proprietary interest in such Advisor JVs creates a potential conflict of interest, as the Advisor has the potential to be incentivized to cause one or more Clients to invest in or alongside an Advisor JV to the extent the Advisor is entitled to greater compensation from such Advisor JV than it would be entitled to from such Client. Such reliance can also make it more difficult for a Client to sell its interest in the Investment. Some operating partners have joint approval rights with respect to major decisions concerning the management and disposition of the Investment, which would increase the risk of deadlocks or unanticipated exits from an Investment. A deadlock could delay the execution of the business plan for the Investment, require a Client to engage in a buy-sell of the venture with the co-venturer or partner, conduct the forced sale of such Investment, or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, it is possible a Client will be unable to fully realize its expected return on any such Investment.

If the applicable venture or management arrangements are terminated for any reason, or if key personnel leave or otherwise become unavailable, it could be difficult to find a suitable replacement. In addition, agreements governing joint ventures often contain restrictions on the transfer of a joint venture partner's interests, including "buy-sell" or similar provisions, which could result in the requirement that a joint venture partner purchase or sell its interests at a disadvantageous time or on disadvantageous terms. Further, to the extent that a Client offers any co-investment opportunity to any limited partners or third parties, some or all of the risks described above will also apply to such co-investments.

Secondaries and other Advisor-Led Transactions

There continues to be a significant market in the private fund sector for secondary sales, general partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of Investments, and the Advisor reserves the right to dispose of (or seek additional capital for) Investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more Investments that will continue to be managed by the Advisor following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing Investors and maintaining exposure to an asset where the Advisor believes there is the potential for additional value generation. Where undertaken, existing Investors typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Clients sponsored by the Advisor and its Affiliates), often on different terms than the original Investment. However, certain of such transactions are expected to require an Investor to invest additional capital in the existing Client and/or other investment vehicles, result in a greater exposure to one or more particular Investments, and/or result in a delay in the full liquidation of its Investment. In other circumstances, even Investors that elect to continue to hold a direct or indirect interest in the relevant Investment will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests. The Advisor will use its good faith judgment to allocate fees and expenses in such transactions in a manner that is fair and reasonable; however, the allocation has the potential to result in one Client effectively subsidizing costs for another Client.

Each of these transactions has the potential for conflicts between the interests of a Client or Investor and those of the Advisor or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where the Advisor or an Affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Client in such transaction), their incentives are expected to diverge from those of Investors who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Client, the Advisor, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the Investment(s) subject to the transaction. To the extent the Advisor requires existing Investors and/or new buyers to commit capital to a continuation fund or another Client managed by the Advisor in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Client and its Investors. There can be no assurance that any such transaction will accurately reflect the fair market value of the Investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make Investments with the view of holding such Investments for longer periods of time or to make Investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where Co-Investors historically have been invested in an Investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as Investors in the relevant Client, and in such circumstances, the Advisor reserves the right to compel Co-Investors to receive cash or continue to hold an interest in the relevant Investment. In other circumstances, certain Investors will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to Investors and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that the Advisor will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Client or any individual Investor or group of Investors. However, the Advisor reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. The Advisor is permitted to seek the consent of the relevant Client advisory committee (to the extent a Client has an advisory committee) to approve conflicts associated with such transactions and accordingly not all Investors will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Investments, to the extent such transactions are not consummated, the relevant Client is expected to bear as broken deal expenses all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

Operational and Other Related Risks

Operational Risk

The Advisor and Clients can suffer losses arising from shortcomings or failures in operational processes, procedures or systems.

Technology and Cybersecurity

We are dependent on the effectiveness of the information and cybersecurity policies, procedures and capabilities we maintain to protect the confidentiality, integrity and availability of our computer and telecommunications systems and the data that resides on or is transmitted through them. An externally caused information security incident, such as a cyber-attack, or an internally caused incident, such as a failure to control access to sensitive systems, could materially interrupt business

operations or cause disclosure or modification of sensitive or confidential Client or competitive information. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Advisor's, the General Partners', the Clients' and/or service providers' operations, including the ability to make distributions to Investors. In certain events, a failure or deemed failure to address and mitigate cybersecurity risks could be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks.

Due to the complexity and interconnectedness of our systems, the process of upgrading existing capabilities, developing new functionalities and expanding coverage into new markets and geographies, including to address Client, Investor or regulatory requirements, can expose us to additional cyber and information security risks or systems disruptions. Although we have implemented policies and controls, and taken protective measures, to strengthen our computer systems, processes, software, technology assets and networks to prevent and address data breaches, inadvertent disclosures, cyber-attacks and cyber-related fraud, there can be no assurance that any of these methods prove effective.

Due to our interconnectivity with third-party vendors, and other financial institutions, the Advisor, our Clients and investors can be adversely affected if any of them are subject to a successful cyber-attack or other information security event. We also routinely transmit and receive personal, confidential (including material non-public information) or proprietary information by email or other electronic means. We collaborate with vendors and other third parties to develop secure transmission capabilities and protect against cyber-attacks. However, we cannot ensure that our protections or such third parties have all appropriate controls in place to protect the confidentiality of such information, and there could be a delay before we are informed of any data breaches.

Any information security incident or cyber-attack against us or our vendors, including interception, mishandling or misuse of personal, confidential or proprietary information, have the ability to cause disruptions and impact business operations. This could also potentially result in financial losses, the inability to transact business, violations of applicable privacy and other laws, loss of competitive position, regulatory fines and/or sanctions, breach of Client Governing Documents, reputational harm or legal liability. Many jurisdictions in which we operate have laws and regulations related to data privacy, cybersecurity and protection of personal information. Any determination of a failure to comply with any such laws or regulations could result in fines and/or sanctions against us.

Artificial Intelligence

The term "Artificial Intelligence" is used as a catch-all to encompass a wide spectrum of concepts with varying levels of risk. Such concepts range from data science on one end of the spectrum, through and including the simulation of human intelligence processes by machines on the other, including machine learning and similar tools and technologies that collect, aggregate, analyze or generate data or other materials (collectively, "AI"). AI, and its current and potential future applications including in the investment management and services industries, as well as the legal and regulatory frameworks within which AI operates, continue to rapidly evolve. The use of AI could exacerbate or create new and unpredictable risks to the business of the Advisor, the Clients and their Investments, including by potentially significantly disrupting the markets in which each operates or increasing competition and regulation, which could materially and adversely affect the business, financial condition or results of operations of the Advisor, the Clients and their Investments. Any such changes could render the

Advisor's underwriting models obsolete or create new and unpredictable operational, legal and/or regulatory risks. To the extent competitors of the Advisor, the Clients, and the Investments make more efficient or extensive use of AI, there is a possibility that such competitors will gain a competitive advantage. Many jurisdictions have passed or are considering laws and regulations concerning AI, which could adversely affect the Advisor, the Clients, the Investments and their operations. Additionally, the Advisor, the Clients and the Investments could be further exposed to the risks of AI if third-party service providers or any counterparties, whether or not known to the Advisor, use AI in their business activities. The Advisor will not be able to control the use of AI technologies in third-party products or services, including those provided by the Advisor's and its affiliates' service providers.

AI technologies are generally highly reliant on the collecting and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that AI technologies use to operate. Certain data in AI technologies contain a degree of inaccuracy and error and could otherwise be inadequate or flawed, which could degrade the effectiveness of such AI technologies. Even where AI technologies are utilizing accurate data, they could, nonetheless, output results that contain, in whole or in part, inaccurate information, which could be difficult or impossible to identify, and it could be difficult or impossible to modify such AI technologies to eliminate these occurrences. Additionally, the ongoing development, maintenance and operation of AI technologies is expensive and complex, and could involve unforeseen difficulties including material performance problems and undetected defects or errors. Any such inaccuracies or errors could have adverse impacts on the operations and/or performance of the Advisor, the Clients and/or the Investments. In addition, use of AI technologies poses various risks related to confidentiality, privacy and cybersecurity. Advisor personnel also could utilize AI technologies in contravention of any policies, confidentiality agreements or applicable law. Any such risks or misuse could have an adverse effect on Advisor, the Clients, and/or the Investments. AI tools could yield inaccurate, ineffective, misleading, incomplete, biased, or otherwise flawed results, which in certain circumstances would not be easily detectable despite efforts in place to mitigate such deficiencies. To the extent the Advisor and its employees use such results in conjunction with various factors in their decision-making, portfolio management or other business activities, such results could have a negative impact on the Advisor or on the performance of a Client and its Investments, including operational inefficiencies, and competitive, brand or reputational harms. Such AI tools could also be used against the Advisor, a Client or its Investments in criminal or negligent ways, including for cyber-attacks. AI and their applications, including in the financial sector, continue to develop rapidly, and it is impossible to predict the future risks that have the potential to arise from such developments. Any of the foregoing factors could have a material and adverse effect on the Advisor, the Clients and the Investments.

Social Media and Publicity Risk

The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding the Advisor, the Clients or one or more Investments could have a material and adverse effect on the value of the Clients.

Public Health Emergencies

Any public health emergency, including any outbreak or the threat of outbreak of coronaviruses, SARS, H1N1/09 flu, avian flu, Ebola or other existing or new epidemic diseases, could have a significant adverse impact on a Client's Investments. The extent of the impact of any public health emergency on the operational and financial performance of a Client and its Investments will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency can materially and adversely impact the value and performance of an Investment as well as the ability to source, manage and divest Investments and achieve a Client's investment objectives, all of which could result in significant losses to the Client.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Clients. The extent of the impact on the Clients' and their Investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact could include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors could limit the ability of the Clients to source, diligence and execute new Investments and to manage, finance and exit Investments in the future, and governmental mitigation actions have the potential to constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Clients intend to pursue, all of which could adversely affect the Clients' ability to fulfill their investment objectives. They could also impair the ability of Investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Clients, their Investments, the Clients' General Partners and the Advisor could be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures could also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Legal, Tax, and Regulatory Risks

The Advisor and its Clients must comply with various legal requirements, including those imposed by securities laws, tax laws and pension laws. Laws and regulations affecting our business change over time, and we are currently operating in an environment of significant global and U.S. regulatory reform. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide.

Over time, as a regulated entity, the Advisor is likely to be subject to regulatory inquiries, information requests, examinations, investigations, and similar matters by regulatory and governmental agencies. Affinius Capital routinely cooperates with such requests and as a general matter, does not disclose the details of these inquiries and investigations. Where applicable, the Advisor will disclose regulatory matters as required.

Enhanced Scrutiny and Potential Regulation of the Private Investment Fund Industry

Certain industry segments in which a Client is permitted to invest are (or could become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments could be highly dependent upon various government (or private) reimbursement programs. While each Client intends to invest in Investments that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, could be ambiguous or lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Client is permitted to invest.

Additionally, the SEC has proposed, and is expected to continue to propose, rules that will impact the business of the Advisor and the Clients. Such current and future rulemaking is expected to impact the Advisor and its affiliates, the Clients and/or their Investments, and the Clients have the potential to bear significant increased costs as a result of such rules.

Volcker Rule

An analysis is conducted to determine whether certain Clients are subject to Section 13 of the Bank Holding Company Act of 1956, as amended (together with the regulations promulgated thereunder, the “Volcker Rule”). The Volcker Rule generally prohibits banking entities from acquiring or retaining an ownership interest in, or sponsoring, certain types of funds (each, a “covered fund”), including certain commodity pools and funds that would be treated as investment companies but for the exemptions set forth in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. If a Client is unable to rely on one or more other exemptions from registration under the Investment Company Act and consequently relies solely on the exemption provided in Section 3(c)(1) or in Section 3(c)(7) of the Investment Company Act, then such Client will be a “covered fund” under the Volcker Rule unless an applicable exception applies. Compliance with the Volcker Rule imposes certain restrictions on the activities of Clients that are “covered funds” and could adversely affect their business and operations. For example, the funded and unfunded commitment to a Client might need to be reduced by an Investor, which could require a transfer of a significant portion of their direct or indirect interests in such Client. In addition, such restrictions will apply if such Client is deemed to be a “commodity pool” as defined in the regulations implementing the Volcker Rule. To avoid having any Client be treated as a commodity pool and therefore a covered fund, it could become necessary for the Advisor to restrict the use of swaps and caps by the Client, including for the purpose of hedging interest rate exposure on variable rate financings, as discussed below.

European Union ("EU") Alternative Investment Fund Managers Directive ("AIFMD") and United Kingdom ("UK") Alternative Investment Fund Managers Regulation

Raising capital from institutional European Investors is regulated by AIFMD (or the "Directive") as implemented into national law within the member states of the EU and the European Economic Area ("EEA"). The Directive imposes requirements on non-EU alternative investment fund managers ("AIFMs") that market alternative investment funds ("AIFs") to professional investors within the EU. Following its departure from the EU, the UK has retained the Directive and the UK AIFM law regulates non-UK AIFMs that market AIFs within the UK. As a result, the regulatory regimes applicable to marketing in the EU/EEA and the UK are distinct and must be complied with independently. The Directive permits the marketing of AIFs by non-EEA AIFMs in accordance with local laws. The Advisor is designated as an AIFM for certain Clients under Article 42 of the Directive– commonly referred to as the national private placement regime ("NPPR"). Where NPPR is permitted, the Advisor, as non-EEA AIFM, must comply with certain minimum requirements, including, among others:

- Article 22 – requirements relating to annual reports;
- Article 23 – pre-investment and periodic disclosure to investors; and
- Article 24 – periodic reporting to regulators.

NPPR requirements vary significantly by jurisdiction. Certain EEA Member States require non-EEA AIFMs to comply with requirements substantially equivalent to the full AIFMD regime, while others impose additional requirements, and some jurisdictions prohibit marketing by non-EU AIFMs altogether. As a result, the Advisor must comply with differing regulatory regimes across Member States and is subject to ongoing compliance obligations that may change over time. These requirements could adversely affect the operation of certain Clients, including by limiting investment strategies, increasing compliance costs, and restricting the jurisdictions in which Investors can be solicited. These requirements could adversely affect our operation of certain Clients, including by affecting the range of Investments and strategies a Client is able to pursue and limiting the territories in which a Client can seek Investors.

On April 15, 2024, the directive amending the EU AIFMD ("AIFMD II") entered into force, EU Member States have until April 15, 2026 to transpose AIFMD II into national law, after which the amended regime will apply. AIFMD II introduces substantive changes in areas including regulatory reporting, delegation and substance requirements, liquidity risk management, and supervisory convergence, and has the potential to materially impact the Advisor's operations and compliance obligations in the EU.

European Commission Action Plan on Financing Sustainable Growth

The European regulatory environment for alternative fund managers and financial services firms continues to evolve and increase in complexity, in an effort aimed at providing more transparency around sustainability goals and comparability metrics to investors. This makes compliance more costly and time-consuming and increases regulatory scrutiny on "greenwashing" or mis-categorizing investment products. In March 2018, the European Commission published an Action Plan on Financing Sustainable Growth (the "EU Action Plan") to set out an EU strategy for sustainable finance. The EU Action Plan identified several legislative initiatives, including the Sustainable Finance Disclosure Regulation (the "SFDR"), introduced entity-level and product-level disclosure obligations applicable from March 10, 2021, with detailed Regulatory Technical Standards applying from January

1, 2023. The SFDR requires transparency with regard to the integration of sustainability risks and the consideration (or non-consideration) of principal adverse impacts, and the sustainability characteristics or objectives of their investment products, alongside related EU Taxonomy disclosures where applicable. The regulatory framework continues to develop, with increased supervisory focus on consistency between disclosures, portfolio composition, and marketing materials, and with the European Commission actively reviewing the future structure of the SFDR regime. These requirements could have an impact on the Advisor and its Clients.

CFTC Considerations

Some Clients use swaps, caps, or futures in connection with their operations, including for the purpose of hedging interest rate exposure on variable rate financings or to hedge foreign currency exposure. To the extent a Client utilizes any such instruments, which could be treated as commodity interests, the Client could become a commodity pool within the meaning of the Commodity Exchange Act ("CEA") or the regulations promulgated by the Commodity Futures Trading Commission ("CFTC"), and the Advisor or an Affiliate could become a commodity pool operator (a "CPO") within the meaning of the CEA or CFTC regulation. Certain General Partners claim an exemption from the registration requirements applicable to CPOs under CFTC Rule 4.13(a)(3), as applicable. A Client could be restricted in its use of swaps, including for the purpose of hedging interest rate exposure on variable rate financings. If the Advisor or an Affiliate, including a General Partner, becomes a CPO within the meaning of the CEA or CFTC regulations and fails to comply with the requirements of the exemption provisions of CFTC Rule 4.13(a)(3), the Client would become a "covered fund" for purposes of the Volcker Rule, in which event it would be required to comply with the restrictions of the Volcker Rule applicable to covered funds.

On December 19, 2025, the CFTC issued no-action relief effectively restoring the former "Qualified Eligible Person ("QEP") exemption" from commodity pool operator ("CPO") and commodity trading advisor ("CTA") registration for SEC-registered investment advisers managing private funds offered solely to QEPs. CFTC Staff Letter No. 25-50 provides interim no-action relief restoring the exemption formerly set out in CFTC Rule 4.13(a)(4), which was rescinded in 2012. Under the relief, an SEC-registered investment adviser is not required to register as a CPO or CTA solely because it operates a private fund that qualifies as a commodity pool, provided that the fund is offered exclusively to Qualified Eligible Persons. The relief permits both non-registration and withdrawal from existing CPO/CTA registration without requiring investor redemption rights, subject to conditions and affirmative reliance. The no-action position is expressly temporary and will remain in effect pending CFTC rulemaking, creating regulatory flexibility but not legal certainty.

The Advisor has considered recent no-action positions issued by staff of the CFTC. Notwithstanding the availability of such relief, Affinius Capital confirms that it is not relying on any CFTC no-action letter or staff relief for purposes of regulatory status, registration, or ongoing compliance and will continue to operate on the basis of full compliance with applicable U.S. commodities and derivatives regulations, without reliance on interpretive, temporary, or discretionary no-action positions. This position is intended to provide regulatory certainty and to avoid reliance on relief that is non-binding, conditional, or subject to withdrawal or modification.

Anti-Bribery, Economic and Trade Sanctions

Economic sanction laws in the U.S. and other jurisdictions where the Advisor operates could prohibit the Advisor, our employees, and Clients from transacting with or in certain countries and with certain individuals and companies. In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list is to be amended from time to time, can be found on the OFAC website at (www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions could restrict a Client's Investment activities.

In some countries, there is a greater acceptance than in the U.S. of government involvement in commercial activities and of corruption. The Advisor is committed to complying with the Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which it or its Clients are subject. As a result, a Client could be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations could make it difficult in certain circumstances for the Client to act successfully on investment opportunities and for portfolio entities to obtain or retain business. While the Advisor has developed and implemented policies and procedures designed to promote strict compliance with the FCPA, it is possible that such policies and procedures will not be effective in all instances to prevent violations. In addition, in spite of the Advisor's policies and procedures, in the case of joint ventures or other instances where the Advisor or its Affiliate does not fully control an Investment, such other entities or persons could engage in activities that could result in FCPA violations.

Sanctioned Investors

If after subscribing to a Client, an Investor is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "Sanctions List"), the Advisor will have the sole discretion to determine the resolution, remedy and manner of compliance of the Client with applicable laws, including without limitation, a "freeze" on distributions and/or capital calls from the relevant Investor and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Client's activities, could materially and adversely affect the Clients.

Financial Institution Risk; Distress Events

An investment in a Client is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Client's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market

sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, the Advisor, any Client's General Partner, the Clients and/or any of the Investments could be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Advisor to manage the Clients and their Investments, and on the ability of the Advisor, any Client or any Investment to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Client is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Client to access capital contributions or otherwise); the inability of the Client to acquire or dispose of Investments, including at prices that the relevant General Partner believes reflect the fair value of such Investments; and/or the inability of the Advisor or Investments to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that the Advisor will experience operational burdens and expenses, and a Client or an Investment will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that the Advisor will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Clients and their Investments are subject to additional risks in the event a Financial Institution utilized by investors of a Client or suppliers, vendors, service providers or other counterparties of an Investment become subject to Distress Events, which could have a material adverse effect on a Client, its investors or such Investments, including the risk of investor defaults.

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

U.S. Taxation of Carried Interest

U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as certain Clients as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. This creates the potential for conflicts of interest between the relevant General Partner and limited partners. For example, the relevant General Partner could cause the relevant Client to borrow more frequently, in greater amounts, or for longer periods; hold Investments for longer than it would absent adverse tax consequences to the General Partner from a shorter holding period; or waive or defer the distribution or allocation of carried interest to the General Partner, potentially changing the character or amount of income allocated to limited partners.

Item 9. – DISCIPLINARY INFORMATION

The Advisor does not have any legal or other disciplinary events to report that are material to a current or prospective Client or Investor's evaluation of our advisory business or the integrity of our management.

Item 10. – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a wholly-owned subsidiary of Holdco, Affinius Capital and the Advisor are affiliated with various real estate and financial services firms including those discussed below. The Advisor is also indirectly owned by entities and individuals that individually or jointly have ownership in other real estate and financial services firms and holding companies, including companies that provide services to, or co-invest with, the Advisor or its Clients. Certain Holdco directors are also board members, partners, members, shareholders, officers, directors and/or employees of some of these Related Entities. See Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" for a discussion of potential conflicts of interest related to these relationships and how they are managed.

U.S. Affiliates

Crimson Interests, LLC ("Crimson"), is a real estate services firm. Affinius Capital and Bridger Holdings collectively own, directly or indirectly, a majority interest in Crimson. Crimson provides project development, property management, asset management and other real estate related services primarily through its subsidiaries, including Patrinely Group, LLC; Crimson Services, LLC; Crimson Investment Management, LLC; and Corscale LLC. Crimson and/or its subsidiaries provide real estate related services to the Clients and the underlying Investments, and in certain arrangements, are members or partners in joint venture partnerships and in certain circumstances receive a promote in exchange for services in addition to a fee.

U.S. Related Entities

Bridger Holdings, is a private holding company primarily focused on real estate and other asset management and related activities through its operating businesses and is managed by Davidson and Wolff. Bridger Holdings directly or indirectly holds a controlling interest in Holdco as well as an interest in Crimson (see above) and is a Co-Investor in various Investments. In certain arrangements, Bridger Holdings or its subsidiaries are members or partners in joint venture partnerships and on occasion receive a promote in exchange for services in addition to a fee.

Kandle Management Company, LLC (“Kandle”), is a real estate investment firm that makes direct and indirect investments in real estate and real estate related assets. Kandle is indirectly controlled by Davidson and Wolff. Kandle I, LP is a pooled investment vehicle sponsored by Kandle which is an indirect Investor and Co-Investor in certain Client Investments. One or more Clients have invested in Kandle I, LP and/or invest in real estate investments sponsored directly or indirectly by Kandle I, LP. O’Donnell is a member of Kandle I, LP’s investment committee.

USAA, a San-Antonio based Fortune 500 diversified financial services group of companies, owns a minority interest in Holdco. Affinius Capital and its subsidiaries, including the Advisor, on behalf of USAA, manage a portfolio of real estate investments across the U.S., Mexico and Europe.

Non-U.S. Affiliates

Affinius Capital Europe B.V. (“Affinius Capital Europe”), a wholly owned subsidiary of Affinius Capital, is a Netherlands based entity that provides capital raising activities for the Advisor as well as client service and relationship oversight. The Amsterdam-based operation is also engaged in developing, acquiring and managing institutional-quality real estate investments for Clients. Affinius Capital Europe provides these services as a “Participating Affiliate”, in accordance with a series of SEC no-action relief letters that mandates Participating Affiliates remain subject to the regulatory supervision of both the U.S. registered entity relying on its services and the SEC.”

Affinius Capital UK Ltd (“Affinius Capital UK”), a wholly owned subsidiary of Affinius Capital, is a London, United Kingdom- based entity that is engaged in capital raising activities for the Advisor as well as European lending transactions. Affinius Capital UK provides these services as a “Participating Affiliate”, in accordance with a series of SEC no-action relief letters that mandates Participating Affiliates remain subject to the regulatory supervision of both the U.S. registered entity relying on its services and the SEC.

Mountpark Realco Cooperatief NL UA and Mountpark Logistics EU GP NL BV (collectively, “Mountpark”), are wholly owned subsidiaries of Affinius Capital Europe. Mountpark specializes in the development of European industrial logistics real estate assets and provides asset management and development services to certain Clients and their underlying Investments.

Other Relationships

The Advisor and its Affiliates or service providers periodically sponsor incentive programs for unaffiliated third parties, primarily for real estate brokers and leasing agents. These programs are designed to incentivize the brokers and/or leasing agents to generate interest in obtaining tenants to occupy vacant space in Investment properties owned by Clients. The incentive programs are designed to benefit the Clients by securing leases as quickly as possible to generate revenue at the properties owned by the Clients. The incentive programs often include items such as meals, gifts, gift cards, vacation accommodations and other items. The incentive programs are typically paid for, in whole or in part, as part of the marketing budget for each Investment property. Since these expenses are sometimes paid by the Investment property per the particular Client’s Governing Documents, the Client and Investors will indirectly bear the cost of these programs.

We receive training, information, promotional material, meals, gifts, entertainment or other perquisites from vendors and others with which we do business or make referrals. At no time will we accept any

benefits, gifts, entertainment or other arrangements that are conditioned on directing business to a specific vendor or provider. Similarly, our employees have in the past spoken at or attended, and expect in the future, to speak at or attend conferences and programs for potential Investors interested in investing in real estate products and other real estate and other industry events that are sponsored by various industry participants. Through such capital introduction and other industry events, prospective investors have the opportunity to learn about and/or meet with us. The Advisor pays registration, sponsorship, membership or other similar fees to attend such events; it does not compensate any company for investments ultimately made by prospective Investors attending such events.

Certain entities controlled by Bridger Holdings, Davidson, Wolff, O'Donnell, Solomon and USAA own a minority interest in Emphasis Capital LLC ("Emphasis Capital"). Emphasis Capital has an SEC registered investment advisor, Accordant Investments LLC ("Accordant"), with which Affinius Capital has a strategic relationship.

Commodity and Derivatives Trading Activities

The Advisor claims an exemption from the registration requirements applicable to Commodity Pool Operators under CFTC Rule 4.13(a)(3) with respect to certain Clients (see Item 8 "Methods of Analysis, Investment Strategies and Risks of Investing: Derivative Investments") and reserves the right to claim a different exemption in the future. In addition, we rely on an exemption for relief from the NFA and CFTC regulations from certain reporting and recordkeeping requirements applicable to commodity trading advisors.

Item 11. – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Employee Personal Trading

The Advisor has adopted a Code of Conduct and Ethics (the "Code") that is designed to reinforce our institutional integrity; to summarize our values, ethical standard and commitment to address potential conflicts of interest that arise from our activities and personal trading; and to maintain compliance with the federal securities laws.

The Code includes, among other items, the following:

- Restrictions on trading in certain securities;
- Reporting of certain employee personal securities transactions;
- Pre-clearance and reporting of outside business activities;
- Pre-clearance and restrictions on employee political contributions;
- Requirements related to confidentiality; and
- Limitations on, pre-clearance and reporting of, gifts and entertainment.

Covered Persons, as defined in our Code, are subject to guidelines governing the ability to trade in personal accounts. We require all Covered Persons to provide information on trade activity in reportable personal accounts, and to also provide quarterly transaction reports and annual securities holdings reports to the Compliance Department. All Covered Persons must acknowledge the Code's terms and certify their compliance with the Code upon hire and at least annually, and, as a condition of employment, all employees certify to their obligations to understand and adhere to the Code.

While not expected to be frequent, it is possible the Advisor will come in contact with material non-public information through its business activity. Employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding securities or communicating material nonpublic information about such securities to others. The Advisor maintains a restricted list of issuers about which it has or may have material nonpublic information and employees are prohibited from trading in such restricted securities.

The Code is available upon request by contacting the Advisor's Compliance Department at (800) 531-8182 or compliance@affiniuscapital.com.

Managing Conflicts of Interest

We act in a variety of capacities on behalf of our Clients, utilize various Affiliates to provide services to the Advisor and Clients, and Affiliated Entities have interests in the Advisor, its Affiliates, Investments and various other Related Entities. We seek to continuously monitor actual and potential conflicts of interest arising from these services and roles. Not all potential, apparent and actual conflicts of interest, however, are described in this section, and additional conflicts could arise as a result of new activities, transactions or relationships. In particular, additional conflicts of interest that currently are not apparent to the Advisor or to the broader alternative investments industry can be identified, as well as conflicts of interest that arise or increase in materiality as the Advisor develops new investment platforms or business lines, enters into new business relationships with Affiliates, Related Entities and third parties, and otherwise adapts to dynamic markets, an evolving regulatory environment and new legal and tax-related developments. A more complete and detailed description of applicable conflicts of interest specific to a Client is included in that Client's Governing Documents, which Investors are encouraged to consult.

A conflict of interest arises when the Advisor and/or its Affiliated Entities have an incentive to advance one interest at the expense of another, which might mean an incentive to serve the interest of the Advisor or an Affiliated Entity over that of our Clients and/or Investors, serve the interest of one Client or Investor over that of another, or an incentive on the part of an employee or group of employees to serve their own interests over those of the Advisor or its Clients or Investors. We have discussed various potential conflicts of interest and how we manage them in other sections of this Brochure. The following describes certain conflicts and how they are managed. To the extent that we identify conflicts of interest in the future, we are permitted, but are under no obligation, to disclose these conflicts and their implications to Investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory committees or to Investors more generally. However, Investors are not entitled to receive notice or disclosure of the actual occurrence of conflicts nor do Investors have any right to consent to conflicts as they arise except as otherwise required by law or in the Governing Documents.

Advisory Committee

Certain Clients' General Partners will appoint one or more Investor representatives to an advisory committee, which has the ability to review and waive compliance with certain provisions of the relevant Governing Documents, including resolving potential conflicts of interest situations, and whose approval is required in certain circumstances or can be requested in other circumstances, including certain approvals or consents required by the Advisers Act. An advisory committee member is permitted to, and generally will, consider the interests of the Investor it represents over the interests of Investors as a whole when voting or consenting to any matter submitted to an advisory committee. In addition, certain advisory committee members are expected to have various business

and other relationships with the Advisor (including longstanding investing relationships) and its partners, employees and affiliates. Moreover, because an advisory committee is expected to be comprised of Investors with large commitments, an advisory committee will not always embody a representative sample of Investors. In certain circumstances, these factors will influence advisory committee members to be more aligned with the Advisor and the relevant General Partner and favor proposals brought to the advisory committee; in other circumstances, these factors will make advisory committee members more likely to oppose these proposals. Pursuant to the terms of the relevant Governing Documents, all Investors are bound by the determinations of the relevant advisory committee, regardless of whether an Investor is directly represented by a member of such advisory committee. The Governing Documents will provide that to the fullest extent permitted by applicable law, none of the advisory committee members shall owe any fiduciary duties to the Clients or any other Investor. Members of the advisory committee are expected to have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory committee for consideration or review. Members of the advisory committee often have various business and other relationships with the Advisor, its Affiliates and/or Related Entities. These relationships have the potential to influence their decisions as members of the advisory committee, including to vote or consent to matters in a manner that does not necessarily serve the best interests of the applicable Client. In many cases, Investors (including Investors making commitments in excess of certain amounts) are expected to request (by Side Letter or otherwise) a role on the advisory committee, and the Advisor expects to be subject to varying incentives and potential conflicts of interest in determining which Investors will be permitted to appoint a representative thereto. A General Partner is authorized to appoint Investors to the advisory committee of its Client in its sole discretion, and is permitted to consider various factors including the timing and amount of an Investor's commitment to a Client or future Client, their perception of an Investor's effectiveness on an advisory committee, legal and regulatory considerations, the interests of the Investor and the degree to which they are likely to align with the relevant Client and the General Partner and other factors. To the extent that an Investor is not directly represented by a member of the advisory committee, such Investor will have no influence over matters submitted to the advisory committee for review or approval. Finally, advisory committee members could choose to abstain from voting on certain issues, which means that certain votes and issues could be decided only by non-abstaining members and less than a complete group of advisory committee members. On any issue involving actual conflicts of interest, the Advisor will be guided by the Advisor's good faith discretion. The Advisor is permitted to seek the consent of the relevant Client's advisory committee(s) to approve conflicts, although based on these varying incentives Investors should not expect that every vote cast by an advisory committee member, or decision made by an advisory committee as a whole, will fully represent their individual interests.

In addition, it is possible that members of one Client's advisory committee will also be a member of another Client's advisory committee. In such instances, a conflict of interest could be deemed to exist if an advisory committee is requested to provide consent with respect to transactions which involve a conflict of interest between two or more Clients on which such advisory committee members serve, and such members would be unlikely to recuse themselves from any such vote.

Holdco Conflicts Committee

Holdco has established a Conflicts Committee, comprised of two Independent Directors, which, among other activities, is responsible for reviewing, evaluating and determining a course of action with respect to material conflicts of interest, including measures for mitigating such conflict. The

Conflicts Committee attempts to resolve such conflicts of interest in light of its obligations and in a manner it believes to be fair and equitable to the Clients under the circumstances over time. However, there can be no assurance that the Conflicts Committee's decisions will be fair and equitable or will not be more favorable to one Client than another.

Allocation of Personnel

The Advisor and our personnel devote such time to a Client as we determine to be necessary. The Advisor's personnel, including members of the Investment Committee, work on other projects and initiatives, serve on other committees, source potential Investments for, and otherwise assist in the investment programs for other Clients, including for our Affiliated Entities and Affiliated Service Providers. Time spent on these other initiatives diverts attention from the activities of Clients, which could negatively impact Clients and their Investors. Affinius Capital and the Advisor derive financial benefit from these activities, including fees and performance-based compensation. Access Persons of Affinius Capital, Affinius Capital Europe and Affinius Capital UK are required to act as fiduciaries, and therefore, must serve the best interest of Affinius Capital investors.

These and other factors create potential conflicts of interest in the allocation of time by our personnel. Conflicts are further mitigated by each such personnel's responsibility to (i) be subject to the supervisory oversight of the Advisor when acting on its behalf, and (ii) render services in a Client's best interest pursuant to Affinius Capital's Code of Conduct and Ethics.

Outside Activities of Principals and Personnel

Certain of our officers and personnel engage in outside business activities, including outside directorships. Such outside business activities could impact the relevant individual's impartiality in performing their duties on behalf of the Advisor. We could also be restricted from acquiring or disposing of Investments on behalf of a Client if an officer or other personnel obtain confidential or material, non-public information as a result of an outside business activity. To manage these potential conflicts, all outside business activities are subject to prior approval pursuant to the Code, and we have conditions that could be imposed, such as a requirement for the individual to recuse themselves from participating in making certain decisions, as a condition of the outside business activity being approved.

Our personnel are permitted in certain situations to invest in alternative investment funds, private equity funds, real estate funds and other investment vehicles of the Advisor, its Affiliates and Related Entities and third parties, as well as securities of other companies, some of which could be considered competitors of the Advisor, its Clients, and/or Affinius Capital. Clients will not receive any additional benefit from such investments, and the financial incentives of these personal investments could be equal to or greater than the personnel's financial incentives in relation to a Client. Certain securities transactions are subject to pre-clearance under the Code and potential conflicts are considered in determining whether to approve a private transaction.

Certain of our employees have family members or relatives that are actively involved in industries and sectors in which Clients invest, or have business, personal, financial or other relationships with companies in such industries and sectors (including advisers and service providers to the Advisor and its Clients). This gives rise to potential or actual conflicts of interest. For example, such family members or relatives can be officers, directors, personnel or owners of companies or assets which

are actual or potential Investments of Clients or other counterparties of Clients. In certain instances, a Client will purchase or sell assets from or to entities in which those family members or relatives have other involvement. In most circumstances, a Client's Governing Documents will not preclude a Client from undertaking any of these investments or transactions.

Affiliated Entities

We have an incentive to provide preferential treatment to Affiliated Entities and Strategic Investors (defined below). In addition, Affiliated Entities and Affiliated Service Providers might have access to information or reports that are not available to unaffiliated entities or Investors. We strive to ensure that any such treatment, financial arrangements and information rights, and the manner in which we manage our relationship with these parties, are consistent with our ability to act in the best interest of all our Clients, and we will assess any need to make such an individual an Access Person of the Advisor.

Development Activities of the Advisor and Its Affiliated Entities

The Advisor and/or its Affiliated Entities will continue to own and develop property it currently owns and could in the future acquire additional property. Even in the case that a property is located in one of the target markets of a Client, not all Clients will be offered the opportunity to participate in the direct or indirect ownership of such property and the development of some properties will at times compete directly or indirectly with an Investment acquired by another Client or be in an identified target market of another Client. Moreover, the Advisor and Affiliated Entities will continue to enter into build-to-suit transactions for or with Affiliated Service Providers and third parties including build-to-suit projects which could be located in the target market of a Client. In connection with these development activities, conflicts of interest have the potential to arise related to the allocation of Investment opportunities between the Advisor and/or its Affiliated Entities and a Client.

Existing Relationships, Including Advisors and Service Providers

We have long-term relationships with a significant number of tenants, developers, institutions and other companies, some of which are Affiliates and Related Entities, and we are more likely to use a service provider with which we have a long-standing relationship. In determining whether to develop or invest in a particular property on behalf of a Client, we consider those relationships. In addition, the existence and development of such relationships will often be taken into account in the management of a Client and its Investments.

Certain advisors and other service providers, or their affiliates (including accountants, appraisers, valuation experts, tax advisors, fund administrators, lenders, servicers, asset managers, bankers, brokers, attorneys, consultants and investment or commercial banking firms) also provide goods or services to or have business, personal, political, financial or other relationships with the Advisor and/or its Affiliated Entities. Some of such advisors and service providers are Investors in a Client, sources of investment opportunities or otherwise are Co-Investors in or counterparties to Investments. Advisor engages a third-party fund administrator to provide services to Clients and Investments. Certain costs and expenses of the fund administrator are paid by Clients.

These relationships have the potential to influence the Advisor in deciding whether to select or recommend or continue to recommend any such advisor or service provider to perform services for a

Client or an Investment. The Advisor generally seeks to engage advisors and service providers in connection with Investments or Clients on the basis of the overall quality of advice and other services provided, the evaluation of which includes, among other considerations, such service provider's provision of certain Investment-related services and research that the Advisor believes to be of benefit to a Client. The advisors and other service providers charge the Advisor, a Client, or its Affiliated Entities rates or other terms that differ among such parties. In determining pricing, fee rates, or other commercial terms, service providers take into account the aggregate level, scope, or duration of services performed for the Advisor, its Clients, their Investments, and/or Affiliated Entities. As a result, reduced rates, volume-based pricing, or other economic benefits are at times made available in connection with services provided to one Client or Investment based in part on services performed for other Clients, Investments, or Affiliated Entities, and such benefits will not be allocated proportionately among Clients. In some cases, a Client will receive pricing that is more favorable than pricing previously charged for similar services, even where such pricing reflects the overall relationship with the Advisor rather than services performed solely for that Client. Based on the foregoing factors, Investors should not expect service providers to the Advisor or any Client to provide services that will be the most beneficial to any Investor or group of Investors.

Strategic Relationships

Advisor has entered into and expects in the future to enter into strategic partnerships or other multi-strategy or multi-asset class arrangements with Investors that commit capital to a range of Advisor's platform of products, investment ideas and asset classes (including the strategy of a Client) ("Strategic Investors") which entitles them to certain rights that are distinct from their economic interests in a Client and/or are not afforded to other Investors. Such arrangements include the Advisor granting certain preferential terms, including blended fee and carried interest rates that are lower than those applicable to the Clients when applied to the entire strategic partnership or arrangement. Such additional rights and benefits also include specialized reporting, secondment of personnel from the Investor to the Advisor or training of Investor personnel, rights to participate in the Investment review and evaluation process, as well as priority rights for co-investments alongside certain Clients, including, without limitation, preferential allocation and terms and conditions related to such participation (including in respect of any carried interest and/or management fees to be charged with respect thereto), which include certain Investments made by the Clients. The existence of such arrangements can result in fewer co-investment opportunities (or reduced or no allocations) being made available to Investors. In certain circumstances, Related Entities and Ownership Entities have made an investment in a Strategic Investor's investment platform or product.

Buying and Selling Investments from Certain Affiliated Entities

Clients, Investors and Affiliated Entities on occasion engage in transactions with one another. For example, a Client, Investor or Affiliated Entity will capitalize, purchase, transfer or sell all or a portion of an Investment to another Client, Investor or Affiliated Entity; a Client will make a loan to another Client; or an Investment, land option or seed portfolio ("Seed Portfolio") will be temporarily warehoused by a Client or an Affiliated Entity and subsequently all or a portion of the Investment, land option or Seed Portfolio (including any capitalized development costs relating thereto) will be transferred to or capitalized by a Fund or other Client (each, a "Related Entity Transaction" and collectively, "Related Entity Transactions"). These Related Entity Transactions involve potential conflicts of interest, as there are different financial and other incentives associated therewith, and we

will receive fees and other benefits, directly or indirectly, from or otherwise have interests in both parties to the transaction.

With respect to a Related Entity Transaction, a fair and reasonable price is in certain cases determined to be a price equal to cost plus a "cost of carry" and in other cases, is based upon an independent third-party valuation or the price agreed to be paid by a third party investor to the Related Entity Transaction. Subject to the relevant Governing Documents, the Advisor, in certain circumstances in which one Client makes a loan to another Client, will charge interest to the borrowing Client at a rate that the Advisor deems appropriate and in line with arm's length transactions based on relevant benchmarking to comparable market rates.

A Related Entity Transaction is undertaken only if: (i) we determine the transaction to be in the interest of participating Clients; (ii) proper disclosure as required by the Governing Documents given to all required parties; (iii) consent is obtained from the appropriate parties as required under the relevant Governing Documents and applicable law; and (iv) the price paid is fair and reasonable. While the price paid is based on the Advisor's determination of a fair and reasonable price, there can be no assurance that any Investment sold in a Related Entity Transaction will be valued or allocated at a sale price that is similar to the price if such Investment were sold to a third party.

Transactions with Affiliates and Related Entities

The Advisor and/or Clients over time engage in transactions with Affiliates and Related Entities by performing services to or receiving services from Affiliates or Related Entities or by investing in entities in which Affiliates or Related Entities hold interests. Such services or Investment transactions will generally be made on terms that are determined by the Advisor to be fair and reasonable.

Ownership Entity and Related Entity Participation or Interest in Client Transactions

Certain Ownership Entities and Related Entities have business, personal, financial and other relationships with individuals or entities in real estate related industries and sectors, which provide services to the Advisor, Clients, Investments or Investors, and give rise to potential or actual conflicts of interest. For example, certain officers, directors or personnel of an Ownership Entity or Related Entity are also (i) direct or indirect owners of the Advisor; (ii) an officer, director, or employee of a company that is a direct or indirect owner of the Advisor; and/or (iii) an actual or potential Investor in Investments. Moreover, a Client potentially will purchase or sell assets from or to or otherwise transact with Ownership Entities or Related Entities. To the extent the Advisor determines appropriate for the particular transaction, conflict mitigation strategies are put in place, including internal information barriers or recusal, disclosure or other appropriate steps. Further, Affinius Capital has established the Holdco Conflicts Committee discussed above to review, evaluate, and determine a course of action with respect to Related Entity Transactions, including the approval of Related Entity Transactions.

Investor Transfer of Interest

In certain cases, we will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of an Investor's interest in a Client. In the case of ordinary transfers, we will not receive compensation for identifying such transferees and will use our discretion to select such transferees based on

eligibility and other factors, and unless required by the relevant Governing Documents, will determine in our sole discretion whether the opportunity to receive a transfer of an Investor's interest in a Client should be offered to one or more existing Client Investors. The Advisor or an Affiliate also generally has authority under the Governing Documents to consent to (or reject) transfers requested by one or more limited partners, and reserves the right to consent to certain transfers in advance, or to condition its consent on any number of factors agreed with individual investors via Side Letter, including the condition that the transferor, transferee or their affiliates invest (or invest above certain amounts) in future Clients. The Advisor or an Affiliate has in the past purchased, and anticipates it could again in the future purchase a portion of a Client Investor's interest. The Advisor and relevant Affiliate are subject to conflicts of interest in purchasing such interests, as it generally possesses certain confidential information relating to the Clients and their Investments, not all of which is expected to be known by the transferring limited partner, and the Advisor and/or relevant Affiliate generally will not obtain a fairness opinion or third-party valuation of such interests. The Advisor and relevant Affiliate similarly expect to use their discretion to select limited partners from whom it will acquire Client interests based on eligibility and other factors similar to those employed in selecting Co-Investors, and will determine in its sole discretion whether it will offer to purchase Client interests from one or more limited partners. Although in many cases the relevant transferor and transferee will bear the full costs of their transfers, to the extent that they do not do so, the costs typically will be borne by the relevant Client. In addition, in certain circumstances, the Advisor anticipates that it will assist a Client in evaluating, structuring or implementing amendments, restructurings or other modifications to a Client's structure or Governing Documents in order to facilitate or enhance the ability to effect secondary transfers, including through the establishment of alternative transfer mechanisms or structures. Any costs and expenses associated with such actions generally will be borne by the Client and its Investors.

Conflicts Related to Investing Alongside Affiliated Entities

Certain Clients have an Investment in a joint venture arrangement alongside an Affiliated Entity. Differences between a Client's Investment in such a joint venture arrangement, including, but not limited to, the Investments' terms and right to performance-based fees and/or allocations, could result in an Affiliated Entity's interests diverging from the Client's interest. For example, some Clients enter into joint venture arrangements with a vehicle that pays a management fee and/or performance-based fee to the Advisor, or the joint venture arrangement itself can pay a performance-based fee to the Advisor. In either case, the payment of any such fees will not offset or otherwise reduce the Client's management fee to the Advisor. The Advisor's entitlement to such performance-based allocations and fees from the joint venture arrangement has the potential to influence us to make more speculative Investments on behalf of the joint venture arrangement and/or use more leverage than we would otherwise make in the absence of such performance-based compensation. This results in potential conflicts of interest for our investment professionals and us.

Co-Investment

The Advisor expects to seek co-investment partners for Clients, including co-investments with Investors, other Clients and other parties the Advisor has a material or strategic relationship with, including third parties, Ownership Entities, Related Entities and Strategic Investors. The allocation of co-investment opportunities is entirely and solely in the discretion of the Advisor. Our discretion in allocating co-investment will be guided by the Governing Documents, Side Letters, and our compliance policies and procedures. In certain cases, determinations to allocate such amounts or

investment opportunities to vendors or service providers will be made prior to the determination of the availability of opportunity for other Co-Investors, and as such generally will decrease the amount of co-investment opportunities available. Further, the allocation of co-investment opportunities could, in certain circumstances, result in no allocation or a smaller amount of co-investment opportunities than the amount requested by a Co-Investor. Co-investments offered by the Advisor will be on such terms and conditions (including management fees, performance-based compensation and related arrangements and/or other fees applicable to Co-Investors) as the Advisor determines to be appropriate in its sole discretion on a case-by-case basis, which can differ amongst Co-Investors with respect to the same co-investment. In addition, the Investment performance of Co-Investors investing with a Client is not considered for purposes of calculating the performance-based compensation payable by a Client to the Advisor. See also, "Strategic Relationships" above.

A Client and Co-Investors will often have different investment objectives and limitations, such as return objectives, leverage limitations and maximum hold periods. As a result, the Advisor will have conflicting incentives in making decisions with respect to such opportunities. Even if a Client 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 Investors, among other items.

The Advisor takes into account various facts and circumstances deemed relevant in allocating co-investment opportunities, including, among others:

- Whether a potential Co-Investor has expressed an interest in evaluating co-investment opportunities;
- Whether a potential Co-Investor has negotiated for preferred co-investment priority rights in a Side Letter or otherwise;
- Whether a Client's investment objectives would be well-served by allocating less of an Investment to that Client by bringing in a Co-Investor to participate in the Investment;
- The Advisor's assessment of a potential Co-Investor's ability to invest an amount of capital that fits the needs of the Investment (taking into account the amount of capital needed as well as the maximum number of Investors that can realistically participate in the transaction) and the Advisor's assessment of a potential Co-Investor's ability to commit to a co-investment opportunity within the required timeframe of the particular transaction;
- The size of a potential Co-Investor's commitments to Clients;
- Any expertise or experience of the Co-Investor that is relevant to or otherwise of strategic value to the Advisor, Clients or the particular Investment;
- Whether a potential Co-Investor has a history of participating in co-investment opportunities with the Advisor, including as an Investor in prior co-investment deals, as well as the Co-Investor's general reputation and experience as a Co-Investor;
- Whether a potential Co-Investor has committed capital to a Client and the timing of such commitment;
- Whether the potential Co-Investor has demonstrated a long-term or continuing commitment to the potential success of the Advisor or its Clients, including whether a potential Co-Investor will help establish, recognize, strengthen or cultivate relationships that have the potential to provide indirectly longer-term benefits to Clients;
- Whether the Co-Investor has significant capital under management by the Advisor or intends to increase such amount;
- Whether the potential Co-Investor has an overall strategic relationship with the Advisor that provides it with more favorable rights with respect to co-investment opportunities;

- Whether a potential Co-Investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity;
- The extent to which a potential Co-Investor has been provided a greater amount of co-investment opportunities relative to others; and
- Such other factors that the Advisor deems appropriate to consider in the circumstances.

Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Client, and the Advisor expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Client because (i) co-invest opportunities generally appeal to Investors and third parties, (ii) to the extent co-investments made by Investors are not subjected to management fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most-favored nation" provisions of a Fund's Governing Documents and (iii) Co-Investors' proportionate share of a particular Investment typically is not subject to the management fee offset provisions of a Client's Governing Documents, to the extent applicable.

In order to facilitate the acquisition of an Investment, a Client reserves the right to make (or commit to make) an investment with a view to selling a portion of the investment to Co-Investors or other persons prior to or following the closing of the acquisition. Co-investments typically involve investment and disposal of interests in the applicable Investment at substantially the same time and on substantially the same terms as a Client making the Investment. However, from time to time, for strategic and other reasons, a Co-Investor purchases a portion of an Investment from a Client after such Client has consummated its Investment (also known as a post-closing sell-down or transfer). Any such purchase from a Client by a Co-Investor generally occurs after the Client's completion of the Investment to avoid any changes in valuation of the Investment; however, in certain instances, a post-closing sell-down or transfer could occur well after the Client's initial purchase. If the value of the Investment increases after the initial appraisal, the Advisor is permitted to use the appraised value for purposes of the post-closing sell-down or transfer, even where such appraised value is lower than what the Investment could be sold to a third party in a market disposition. When Co-Investors purchase their interest from a Client after the Client has consummated the Investment, the price paid by Co-Investors is typically determined by the Advisor in its sole discretion, which has the potential to result in a conflict of interest. The Clients will bear the risk that any Co-Investors acquiring an interest in an Investment after the closing of such Investment will acquire such interest on terms that do not reflect the then-current value of such Investment. Where appropriate, and in the Advisor's sole discretion, the Advisor reserves the right to charge interest on the purchase to the Co-Investor or otherwise equitably to adjust the purchase price under certain conditions, and to seek reimbursement to the relevant Client for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Client. The price reimbursed to a Client will not in every instance necessarily reflect the full cost incurred by the Client in connection with the Investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the Investment (if applicable) or the risk borne by the Client in connection with purchasing and warehousing the Investment.

In such event, the relevant Client will bear the risk that any or all of the excess portion of such Investment is not sold or only be sold on unattractive terms, including for example the risk that a portion of the Investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher

than that paid (or willing to be paid) by a Co-Investor. To the extent such a syndication is made, the General Partner's interest in limiting the Client's exposure to a given investment while providing a potential benefit to Co-Investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Client would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by Co-Investors), (ii) hold a larger-than-expected investment in such Investment, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. There can be no assurance that any Client's return from a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Allocation of Investment Opportunities

We invest capital on behalf of Clients in a wide variety of investment opportunities. The Advisor will, in certain cases, be presented with certain investment opportunities that would be suitable not only for one Client, but also for other Clients of the Advisor, which creates conflicts of interest. Except as required by the Governing Documents, the Advisor is not obligated to recommend any Investment to any particular investment vehicle. Investment allocation decisions are inherently subjective and involve the consideration of multiple factors, including but not limited to, a Client's investment objectives and strategies, available capital, diversification needs, existing portfolio composition, Client-specific restrictions or requirements, projected returns, risk profile, and the timing of a Client's investment period, and certain of these factors likely will favor one Client over another. The Advisor therefore has conflicting loyalties in determining whether an investment opportunity should be allocated to one or more Clients. For example, the Governing Documents provide Advisor with wide-ranging authority to make determinations such as the cessation of a Client's investment period and the commencement of a successor Client's investment period (including timing determinations relating to each of the foregoing). Such determinations generally dictate whether a predecessor or successor fund will be allocated investment opportunities creating additional conflicts. As a result, we have adopted policies and procedures designed to ensure that Investment opportunities are allocated among various Clients in accordance with a Client's Governing Documents and on a basis that the Advisor believes in good faith to be fair and reasonable to its Clients under the circumstances over time. Where multiple Clients are eligible for the same investment opportunity, the Advisor will rotate the allocation of opportunities among Clients or employ other allocation methodologies designed to treat Clients equitably over time, subject to the Governing Documents and applicable law. There can be no assurance that an Investment which is consistent with a Client's investment objectives will be presented to that Client, and certain investment opportunities will be allocated among multiple Clients. Additionally, the Advisor's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others.

Side Letters

The Advisor is likely to have its own economic and/or other business incentives to provide certain terms to select Investors, e.g., based on commitment amounts to a Fund or the timing of such commitments; the ability of an Investor to provide sourcing or other services to the Advisor, its

Affiliates and personnel or the Funds; or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Advisor, its affiliates and personnel, or the Funds. Further, Side Letters are also permitted to include provisions related to strategic relationships under which an Investor agrees to make commitments to multiple Funds. Except where required by Governing Documents, other Investors will not receive disclosure of Side Letters or related provisions, and as a general matter, the other Investors have no recourse against a Fund, the Advisor, the relevant General Partner or any of their affiliates in the event that certain Investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject the Advisor to potential conflicts of interest, including in circumstances where an Investor's right to serve on the relevant Fund's advisory committee results in the Investor receiving additional information relative to other Investors. To the extent an Investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other Investors could be subject to increased losses or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant Investor at the expense of the relevant Fund or of Investors as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

Personnel Investors

Certain of our current and former personnel, Ownership Entities or Related Entities have invested in certain Clients or Investments, including as part of our investment commitment to such Client. Subject to the applicable Governing Documents, the terms of an Investment by an employee differ from, and are more favorable than, those of an Investment by an external Investor. For example, personnel Investors generally will not be subject to a management fee and/or carried interest with respect to their Investment, can receive information regarding Investments at different times than other Investors and can benefit from different credit facility arrangements than a Client. Additionally, certain personnel currently have and can in the future receive interests in the Advisor's carried interest with respect to certain Clients.

These Investments also pose a risk that employees with influence over Investment decisions will favor the Clients in which they, or other personnel, have an interest. We believe that the Code and other policies and procedures help manage these risks. We also believe that personnel Investments in Clients align the interests of our Advisor and personnel with those of Clients and Investors.

On occasion, such personnel leave the employment of Affinius Capital yet retain their interests in a Client and/or Client Investment. Some of these personnel could transition to work for a competitor or service provider of the Advisor. The Advisor has discretion as to whether to buy back such personnel's interest.

Conflicting Fiduciary Duties to Other Clients

Certain Clients have the ability to invest in an Investment for which another Client already has or is acquiring an interest and such Clients could acquire such interests at different points in time. Additionally, the Advisor or an Affiliate will occasionally structure an Investment as a result of which one or more vehicles primarily investing in debt instruments are offered the opportunity to participate in the debt tranche of an Investment. As an investment adviser, the Advisor owes a fiduciary duty to all its Clients. The Advisor will face a conflict of interest in the event that (i) a Client

acquires an equity interest in an Investment in which another Client holds or is acquiring a debt interest, (ii) a Client purchases debt instruments of an Investment that another Client holds or is acquiring equity in, or vice versa or (iii) when Clients purchase debt instruments at different levels of an Investment's capital structure where other Clients already have a debt interest. In such instances, the Advisor has the potential to face a conflict of interest in respect of decisions made with regard to all such Clients holding potentially competing interests (e.g., with respect to the terms of such debt instruments, the enforcement of covenants or the terms of recapitalizations). Questions could arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, have the potential to raise conflicts of interest, particularly with respect to Clients that have invested in different securities within the same Investment. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Clients can determine whether to provide such additional capital, and if provided, each Client generally will supply such additional capital in such amounts, if any, as determined by the Advisor in its sole discretion. Because of the different legal rights associated with debt and equity of the same Investment, the Advisor expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Client versus another Client (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Client enters into any indebtedness with another Client on a joint and several basis, the relevant General Partner is expected to enter into one or more agreements that provide each Client with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Advisor expects to be subject to potential conflicts of interest, for example, between a Client with a reimbursement obligation and a Client seeking reimbursement. In certain circumstances Clients are expected to be prohibited from exercising (or the Advisor expects to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the Investment(s) of one Client or the other have the potential to be subject to creditor claims regarding the subordination of interests. The Advisor intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Client to bear its proportionate share of the applicable indebtedness.

Valuation Matters

Some of our fees are based on the value of assets under management or net asset value, which include illiquid and difficult to value Investments. Investments are expected to be periodically valued by an independent third party, consistent with the Governing Documents of each Client. There is no guarantee that the carrying value of an Investment will reflect the price at which the Investment is ultimately sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation methodologies used to value any Investment involve subjective judgments and projections and, inherently, will not always be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which will not always turn out to be correct. Ultimate realization of the value of an Investment depends to a great extent on economic, market and other conditions beyond the Advisor's control.

In addition, even where valuations are prepared by independent third-party valuation firms, there can be no assurance that such valuations will reflect the price at which an Investment or property is ultimately sold, and Investments are permitted to be sold for amounts that are materially less than

their most recent carrying value. Where fees or other compensation are calculated based on asset value or net asset value, such fees are permitted to be calculated and paid based on valuations that exceed the ultimate realizable value of the Investment.

In particular, the Advisor's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its Affiliates in valuing an Investment, or determining whether an Investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner's determination that an Investment is an Impaired Value Investment, and except as set forth in the Governing Documents, neither the General Partner nor its Affiliates is obligated to follow any third-party methodology in making its determination on whether an Investment meets the relevant standards or whether value can be recovered or retained during the Client's holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to Investments experiencing partial or temporary declines in value. Because the amount of the Advisor's compensation is dependent in part on an Investment's status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an Investment meets, or continues to meet, the relevant criteria.

In making determinations related to valuation, the Advisor is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for the Advisor or its Affiliates to make investments and to hold Investments longer than otherwise would be the case in the absence of the relevant Client's management fee and carried interest compensation arrangements. The nature of any compound preferred return in a Client's carried interest arrangements provides incentives for the relevant General Partner to accelerate actions that would result in earlier gains, such as dispositions, dividends, distributions and recapitalizations. The Advisor expects to be incentivized to cause a Client to make, hold, value and/or dispose of Investments (and to delay or forego a determination that the Investments are Impaired Value Investments) in order to receive greater ongoing management fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the management fee is calculated taking into account the valuation of an Investment, or a determination of whether an Investment has been written-off, permanently written down or otherwise permanently impaired, the Advisor has discretion in such determinations and will have an incentive to make determinations that result in the continued payment of the management fee, or a higher management fee. Except as required under the applicable Governing Documents, the Advisor is under no obligation to write off, permanently write down, permanently impair or otherwise adjust the valuation of an Investment based on any valuation or market conditions, including a valuation by a third party.

Where the Governing Documents do not require management fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, the Advisor is incentivized to pursue such transactions. In certain circumstances, the calculation of management fees will include the value of capitalized Other Fees, expenses, costs or other amounts relating to unrealized investments, including such amounts payable or reimbursable

to the Advisor and its Affiliates. The Advisor and its Affiliates have incentives to capitalize such amounts into a transaction, not only to avoid having Investments pay such amounts out of available operating cash, but also to increase the base on which future management fees will be calculated. These incentives run counter to the Advisor's incentives to reduce the amount of fees, expenses and costs borne by the Clients' investments in light of the effect of these amounts on the Clients' carried interest calculations. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of Investment dispositions, as well as in certain instances determinations that Investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of Investments, make distributions, and/or determine that an Investment is an Impaired Value Investment, within the requirements of the relevant Governing Documents.

In situations where the management fee is calculated based on committed capital, contributed capital or the cost basis of Investments, the management fee generally will not be reduced based on reductions in Investment value unless the Investment value is less than the invested cost. Absent bad faith or manifest error, valuation determinations in accordance with the Advisor's valuation policy will be conclusive and binding. Moreover, because we will determine in our discretion the value of any such assets, we will have an apparent conflict of interest in making that determination, given the potential impact of such valuations on a Client's performance results. Generally, there will be no retroactive adjustment in the valuation of any Investment, the offering price at which interests in a Client were purchased by Investors or repurchased by a Client, as applicable, or the fees and/or performance-based compensation paid to the Advisor to the extent any valuation proves to not accurately reflect the realizable value of an Investment. We seek to address the resulting potential conflict of interest that we might have in valuing Client assets by seeking to ensure that our valuation policies and procedures enable us to value all Investments (including any asset received in exchange for any Investments or interests in a Client, as applicable) fairly, in a manner that is consistent with the best interests of our Clients, and in accordance with the Governing Documents of a Client and U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). However, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

In addition, the Advisor regularly reports to Investors, prospective investors and the investor community, the valuation of each Investment as well as metrics of each Client's performance, such as time weighted returns, IRRs and multiples-of-money, whose calculation depends on the value of the Clients' Investments, including unrealized Investments. These reports are an indication of the overall performance of a Client and are important to the Advisor's efforts to attract new investors to the Advisor. An objective of our valuation methodologies and procedures is to eliminate any influence these incentives have on fair value determinations.

Reimbursements and Payments for Real Estate Services and Fees from Affiliated Service Providers

As described under Item 5, "Fees and Compensation: Affiliated Service Provider Fees, Reimbursements and Promotes" for some Clients, the Advisor or an Affiliate is entitled to the payment of or reimbursement for Investment-related acquisition, disposition, financing, structuring, breakup, development or construction management, leasing, asset management, capital placement, investment brokerage fees, and loan origination, processing, assumption, oversight or servicing fees. Certain Clients retain us or one or more of our Affiliated Service Providers. The Advisor could benefit

from these transactions and activities through current income and creation of enterprise value in these businesses, thus, the Advisor has the potential to directly benefit from the engagement of an Affiliated Service Provider over a third-party acting on an arm's length basis. The Advisor believes that this structure can provide specific expertise, familiarity with its strategies, structure, policies and standards, greater control and efficiencies, reduced costs, efficiencies and related synergies that facilitate alignment of interest and the ability to offer customized solutions and value creation that, in certain cases, will not be available from third-party providers; however, there are potential conflicts inherent in procuring the services of Affinius Capital or its Affiliated Service Providers because by undertaking these services, Affinius Capital and/or its Affiliated Service Providers are entitled to fees, incentive and other performance-based compensation, expense reimbursement and/or a promote. In each case, we endeavor, in our sole discretion, to seek reimbursement for or to provide such Affiliate Services at competitive market rates.

In accordance with our efforts to mitigate these conflicts, Affinius Capital has adopted an Affiliate Services Policy to help ensure that services provided by its Affiliates are on terms and rates that are no less favorable than market terms or conditions offered by third parties for similar services. Pursuant to this Policy, the Advisor will seek to periodically obtain benchmarking data on market comparable rates for certain Affiliate Services. The Advisor will make determinations of market rates based on our consideration of a number of factors, which are generally expected to include our experience with affiliated and non-affiliated service providers, as well as benchmarking data and other methodologies determined by us to be appropriate under the circumstances. In determining market rates for these Affiliate Services, Affinius Capital will refer to transactions it has entered into for similar services with third-party service providers, including data from various public sources or industry relationships and/or fees quoted by independent third parties. While we aim to obtain benchmarking data regarding the rates charged or quoted by third parties for similar services, relevant comparisons are not always available for a number of reasons, including, without limitation, where services provided are unique such that there is a smaller pool from which to select either comparable transactions or qualified partners, for services which are bespoke in nature or require an extensive amount of time or present other novel issues or otherwise present justification for an adjustment of the quoted rate. In addition, benchmarking data is based on general market and broad industry overviews, rather than determined with respect to a specific Investment. As a result, benchmarking data does not take into account specific characteristics of individual assets then owned or to be acquired, or the particular characteristics of Affiliate Services to be provided. Further, it could be difficult to identify comparable third-party service providers that provide Affiliate Services of a similar scope and scale as the Affiliates that are the subject of the benchmarking analysis. Benchmarking data generally includes information relating only to hourly or project-based rates, and so generally does not include the value of any profits, participation or equity interests (including co-investment opportunities) in or relating to Investments with respect to which the relevant services are provided; as such, references to "market" or "arms-length" (or similar formulations) rates or terms refer only to the contracted-for hourly or project-based rates. Therefore, such market comparisons do not always result in precise market prices for comparable services and compensation for certain employees results in being benchmarked at the top of the market range.

Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements

The Governing Documents of each Client and related documents are detailed agreements that establish complex arrangements among the parties thereto. Questions arise under these agreements

regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated or could have been articulated more precisely at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. Additionally, under a Client's Governing Documents, the Advisor and/or its Affiliated Entities, in certain cases, have the authority to make subjective determinations of asset classifications (including, for example, determinations with respect to when an asset reaches "stabilization" or whether an asset is a "core" or "non-core" asset). Such subjective determinations have the potential to create conflicts of interest for the Advisor given that asset classifications have an impact on the manner and/or timing of fees and compensation owed to the Advisor and its Affiliated Entities. While the Advisor will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations the Advisor adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Clients or their Investors. Notwithstanding the foregoing, or the provision of any Client's Governing Documents, the Advisor will not as a matter of policy interpret any Client's confidentiality or information rights provisions to: (i) prohibit any Investor from reporting possible violations of applicable law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation; or (ii) require any Investor to provide notification that it has made such reports or disclosures.

Pursuit and Investigation Costs for Investments

There are circumstances when we consider an Investment on behalf of a Client and determine not to make such Investment; however, we or an Affiliated Entity could eventually cause another Client or investment vehicle of an Affiliated Entity to make or consider such Investment. In these circumstances, it is possible that another Client or investment vehicle of the Advisor or an Affiliated Entity will benefit from knowledge gained through pursuit and investigation undertaken by the original investment team and/or from all or a portion of the costs borne by a Client (whether in the same or different strategy) in pursuing the potential Investment, but such other Client or investment vehicle will not be required to reimburse the Client for expenses incurred in connection with the pursuit and investigation.

Subscription Credit Facility

Some Clients utilize a subscription credit facility, the use of which can involve potential conflicts of interest. Subject to the limitations in the Governing Documents, the use of a subscription credit facility by a Client is within the Advisor's discretion. A Client might seek to utilize a subscription credit facility for the purpose of, among other things, financing any Investment-related activities of a Client covering expenses, management fees and any other costs of a Client, making distributions to Investors, providing permanent financing or refinancing or providing interim financing to consummate the purchase of Investments. The amount of credit available to a Client under a subscription credit facility is determined by the credit quality of the Investors as determined by the lender. For this reason, Investors with a higher credit quality, as determined by the lender, generate more credit for a Client than Investors with a lower credit quality, which results in an indirect benefit conferred by the higher credit quality Investors to the others.

Calculations of returns of Investments and performance data as reported to Investors are based on the payment date of capital contributions from Investors. This treatment also applies in instances where a Client utilizes borrowings under a subscription credit facility in lieu of, or in advance of receiving capital contributions from Investors to repay any such borrowings. If the use increases the return, as it normally does, we will have various incentives to use the subscription credit facility. For example, in the event the interest rate on borrowings is lower than the hurdle rate, use of leverage arrangements can be expected to accelerate or increase distributions of performance-based compensation to the Advisor or an Affiliate, providing an economic incentive to fund Investments through long-term borrowings in lieu of capital contributions.

Tangible and Intangible Benefits

The Advisor and its Affiliates expect to receive the benefit of certain tangible and intangible benefits in connection with services to Clients and their Investments. For example, in the course of the Advisor's operations, including research, due diligence, Investment monitoring, operational improvements and Investment activities, the Advisor and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Clients or Investment operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Advisor Information"). In many cases, Advisor Information will include tools, procedures and resources developed by the Advisor to organize or systematize Advisor Information for ongoing or future use. Although the Advisor expects its Clients and their Investments generally to benefit from the Advisor's possession of Advisor Information, it is possible that any benefits will be experienced solely by other or future Clients or Investments (or by the Advisor and its personnel) and not by a Client or Investment from which Advisor Information was originally received. Advisor Information will be the sole intellectual property of the Advisor and solely for the use of the Advisor. The Advisor reserves the right to use, share, license, sell or monetize Advisor Information, without offsetting or otherwise reducing to management fees, and the relevant Client or Investment will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization.

Additionally, Client and Investment expenses are occasionally expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, lodging or travel rewards, rental cars, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the Advisor and its Affiliates' personnel participating in the rewards program, rather than the Client, Investments, or their respective Investors; no such rewards will reduce or offset management fees.

We have entered into certain agreements under which Client Investments participate in joint purchasing, vendor or similar arrangements. Program participants, including the Advisor and its Affiliates, expect to receive discounts negotiated with various vendors and service providers on a groupwide basis, including but not limited to risk management services and insurance products. Participants receive similar benefits and discounts as the participating Investments. The amount of such discounts will not result in offsets or reductions to the management fee. We believe the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to Client Investments that result if the negotiated discount rates for goods and services are discounted relative to those widely available in the market.

Monetization Arrangements

Subject to any limitations imposed by the Governing Documents and anti-"assignment" provisions of the Advisers Act, Advisor and its affiliates and personnel are also permitted to offer, restructure and monetize the revenue streams they currently receive directly or indirectly from the Clients, or expect to receive from the Clients in the future. Subject to any restrictions in the Governing Documents, this monetization could occur in many forms, including: public offerings of Advisor or an Affiliate; borrowing against Advisor's or a General Partner's investment in, or right to receive revenues from, one or more Clients; preferred financing or other strategic investment by a third party in one or more Advisor entities in which a third party provides liquidity in exchange for the right to receive a specified return; selling or donating their interests in the Clients or in one or more Advisor entities to third parties; or other financial arrangements, including those in which Advisor, its affiliates and personnel agree to pledge, sell, securitize, syndicate, participate or otherwise encumber or transfer their respective interests. Although Advisor and its personnel intend to abide by any "key person" or "time and attention" requirements in the Governing Documents, they expect to be subject to potential conflicts of interest in that they will have financial and other incentives to pursue such monetization arrangements, or to operate Advisor in a manner designed to maximize potential proceeds relating to any potential monetization arrangements in the future. To the extent third-party funding or borrowings are used to finance General Partner commitment amounts, the Advisor and/or its personnel generally will be less aligned with limited partners than would otherwise be the case.

Limitation of Recourse and Indemnification

The Governing Documents of each Client limit the circumstances under which the Advisor and its Affiliates will be held liable to the Clients. As a result, Investors will have a more limited right of action in certain cases than they would have in the absence of such provisions. In addition, the relevant Governing Documents provide that a Client will indemnify the Advisor and its Affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Client. Such indemnification obligations would, most likely, materially impact the returns to the Investors. The obligations of an Investor to fund any indemnification generally will survive the dissolution of the respective Client. Although the Governing Documents generally contain broad exculpation and indemnification provisions, the Advisor will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Client under the Advisers Act.

Item 12. – BROKERAGE PRACTICES

The Advisor focuses on making investments in real estate-related assets and generally purchases and sells the assets through privately negotiated transactions. Depending on the terms of our Investments, the Advisor has the authority to negotiate and enter into derivatives transactions on behalf of certain Clients, primarily to hedge a risk (e.g., interest rate or foreign exchange risk). Counterparties to these derivatives transactions are selected based on a number of factors, including credit rating, downgrade triggers, execution prices, execution capability with respect to complex derivative structures, reputation, responsiveness and/or other criteria relevant to a particular transaction.

In addition, we have invested, and in the future we reserve the right to, invest Client funds in public securities and debt instruments, including for funds held but not yet invested in real estate, funds generated from the management of properties, or the sales proceeds of real estate Investments, and in certain cases, through "take-private" negotiated transactions involving securities of public companies. To

the extent the Advisor transacts in public securities, it intends to select broker-dealers based upon their ability to provide best execution for the applicable Client taking into consideration a variety of factors, including the Advisor's prior experience with the broker-dealer; the broker-dealer's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer's responsiveness to the Advisor; the broker-dealer's expertise in dealing with Investments that are restrictive or illiquid in nature; and commission rates, among other factors the Advisor deems relevant to the specific transaction. The Advisor will not and does not select broker-dealers based on Investor referrals.

The Advisor, on behalf of its Clients or other Affiliates, retains the services of real estate or mortgage brokers for the purchase, sale or financing of Investments. Typically, such brokers are licensed under various state laws applicable to real estate and/or mortgage brokers.

Item 13. – REVIEW OF ACCOUNTS

Each Client has specific investment criteria and limitations set forth in its Governing Documents. As discussed in Item 8 "Methods of Analysis, Investment Strategies and Risks of Investing: Investment Research and Analysis" before the Advisor makes an Investment on behalf of a Client, members of the Investment Committee evaluate whether the proposed investment will satisfy the particular investment criteria and limitations applicable to that Client. In addition, in the case of Clients managed on a non-discretionary basis, Investor approval will generally be required before we can make, modify or dispose of an Investment.

After an Investment is made, our asset management, finance and compliance personnel, together with the senior officers who are responsible for that Investment, monitor the Investment.

Investor Reports

Each Client and its Investors receive quarterly and annual reports summarizing the Investments, in each case, as agreed to with such Client or Investor, and which generally include a capital balance, performance statistics, audited and unaudited financial statements (which disclose total expenses allocated to such Client), among other reports. The Advisor also offers its Investors regular contact opportunities (e.g., personal visits, telephone, video conferences and email) throughout the year.

Not all Investors conduct due diligence or monitor their Investments in Clients in the same manner. For example, in the course of conducting due diligence or otherwise, Investors periodically request information pertaining to Client Investments and track record. The Advisor responds to these requests, and in answering such requests, provides information that is not generally made available to other Investors who have not requested such information. As it pertains to existing Investors, upon request or pursuant to contractual obligations, such as a Side Letter or similar agreement, certain Investors receive additional information and reporting that other Investors do not receive. As a result, certain Investors will have more information than other Investors (and it is possible such Investors will take action upon such information). Where Investors are Co-Investors, they are likely to receive more detailed information concerning that Investment than other Investors that are not Co-Investors.

In addition to the reporting provided to all Investors, the Advisor expects to provide certain Investors with additional or more frequent information that other Investors will not receive (e.g., under a Side Letter or in response to diligence or other requests).

Item 14. – CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefit from Non-Clients for Advisory Services Rendered

As described in Item 5 "Fees and Compensation", the Advisor or an Affiliate is entitled to receive fees for Affiliate Services and other fees, expenses and reimbursements from Clients, Affiliates, Related Entities and others. Such fees, expenses, reimbursements and any conflicts of interest associated with the receipt of such fees are also detailed in Item 5 "Fees and Compensation" and Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading", and in each Client's Governing Documents.

Client Referrals

The Advisor on occasion engages the services of placement agents for Client Investor referrals. Fees for placement agent services include a fixed fee and a scaled placement fee based on a percentage of capital commitments from Investors. Placement agent fees that are payable by the Client offset dollar-for-dollar against the management fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, will generally be borne by the relevant Client as part of its organizational expenses. The practice of bearing such fees over time through offset provides a benefit to Advisor in that it generally results in prompt payment to the relevant placement agent without requiring Advisor immediately to fund such amounts, in addition to an expected tax benefit related to the deductible payment of expenses, and investors will not receive interest or other compensation for the time period between placement agent payment and the later date of offset of the relevant amounts against the relevant management fees.

Item 15. – CUSTODY

The Advisor is deemed to have custody of certain Client assets because it or its Affiliates have discretion and control over Client Investments and cash. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), the Advisor has elected to undergo an annual U.S GAAP financial statement audit by an auditing firm registered with and subject to inspection by the Public Company Accounting Oversight Board for each of the Clients over which it is deemed to have custody, except with respect to its CML Program (as defined below), copies of which are (or will be, for newly formed Clients) delivered to Clients and their respective investors within 120 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents). In addition, upon the final liquidation of a Client whose assets are subject to the Custody Rule and which is subject to audit, the Advisor will obtain a final audit and distribute audited financial statements prepared in accordance with U.S. GAAP to the Client and its Investors promptly upon completion of the audit. Investors are encouraged to carefully review such financial statements.

The Advisor makes certain investments in commercial real estate loans through its Commercial Mortgage Loan Program ("CML Program"). The Advisor also provides administrative services with respect to the commercial mortgage loans. The Advisor as administrative agent has established a bank account with a qualified custodian whereby advisory client and third-party assets are comingled in the agency account. The Advisor complies with the Madison Capital No Action guidance with regard to the assets in this agency account and receives a surprise custody audit for such assets as required in order to fulfil its obligations under the Custody Rule.

The Advisor does not accept physical custody of any Client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Client's qualified custodial account. Each Client and Separate Account uses a bank as a qualified custodian for cash accounts.

Item 16. – INVESTMENT DISCRETION

For discretionary Clients, the Advisor receives and exercises complete discretionary authority to manage Investments per the Governing Documents of each such Client. Some discretionary Clients have placed restrictions or limitations on our discretionary authority as described in such Client's Governing Documents and/or in Side Letters. All limitations and restrictions placed upon the Advisor's authority with respect to an Investor's Investment must be presented to the Advisor in writing and agreed to by all parties.

For Clients managed on a non-discretionary basis, the Advisor does not have similar discretionary authority over such Client, and our authority to manage these accounts is negotiated and agreed to on a case-by-case basis with each Client as memorialized in such Client's Governing Documents.

Item 17. – VOTING CLIENT SECURITIES

Rule 206(4)-6 under the Advisers Act requires an investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that an adviser disclose to clients how they can obtain information on how the adviser voted their proxies.

The Advisor invests in real estate and real estate related assets primarily through its private investment vehicles which generally do not issue proxies. Accordingly, as Clients do not hold publicly traded equity securities with voting rights, the Advisor does not have an opportunity to vote proxies on behalf of its Clients. In the event this were to change, we will implement policies and procedures to vote such proxies in accordance with the Advisor's fiduciary duty and in the best interests of Clients.

Item 18. – FINANCIAL INFORMATION

The Advisor does not require or solicit prepayment of more than $1,200 of management fees six months or more in advance, has no financial condition reasonably likely to impair its ability to meet contractual commitments to clients or investors, and has not been the subject of a bankruptcy proceeding.