

Conflicts of Interest Policy

Organization FREO Investment Managers	Title Compliance related policies		Version 2.0
Purpose Part of FREO`s Risk Management Framework	Approved by Board of Managers of FREO Investment Mangers S.à r.l.	Initial Date October 2013	Last Review Date 08 May 2024

1. Introduction

1.1 Purpose

This document provides a framework for the management of conflicts of interests from investments in Alternative Investment Funds (“AIFs”) managed by FREO Investment Managers S.à r.l. (“FREO IM”). It identifies the potential conflicts of interests to which all funds in scope are, or might be exposed and how such conflicts of interests are assessed, monitored and managed so that investors are treated fairly.

The Conflicts of Interest Policy (“CIP”) for an Alternative Investment Fund Manager (“AIFM”) is important in helping to protect investors from conflicts to which AIFs managed by the AIFM may be exposed in relation to the performance of activities of portfolio management.

This policy has the following purposes:

- a) note certain Conflicts of Interest, including the existing or potential conflicts of interest arising from the relationship with whatsoever counterparties, including the depositaries, central administration functions and with prime brokers, etc.;
- b) describe the measures taken to structure and organise the AIF and its portfolio companies in such way as to minimize the risk that Conflicts of Interest may harm or prejudice the interests of the AIF;
- c) establish a policy to be followed by the Board of Managers to ensure that the interests of the AIF are safeguarded in Conflicts of Interest situations;

- d) establish rules for the record keeping and disclosure of Conflicts of Interest

1.2 Scope

This CIP applies to all AIFs managed by FREO IM as the AIFM and to all staff members of FREO IM, including non-permanent staff working on behalf of FREO IM.

1.3 Relevant persons

In this policy document the definition “**Relevant Persons**” includes:

- a) FREO IM;
- b) Connaught Hill Investment S.à r. l. (“**Connaught Hill Investment**”), a Luxembourg law governed central holding entity of subsidiary group entities (together herein referred to as “**FREO Group**”);
- c) FREO Financial & Real Estate Operations Gesellschaft für Beteiligungs- und Immobilien-Anlage Management mbH (the “**Advisor**”), a German law governed operating entity of FREO Group acting as investment services provider and advisor to FREO IM, the General Partner of the AIF and potentially acting as real estate services provider to portfolio companies of the AIF;
- d) other group entities of FREO Group that are beneficially owned and controlled (directly or indirectly) by Connaught Hill Investment;
- e) shareholders, members, partners, directors, managers, legal representatives, employees, attorneys and advisors of the General Partner, the Advisor, PMCS, Connaught Hill Investments and any other group entity of FREO Group;
- f) limited partners of the AIF; and
- g) members of the investors’ advisory committee to the AIF;
- h) Depositories, central administration functions and prime brokers.

1.4 Definition of Conflict of Interest

For the purposes of this policy a “**Conflict of Interest**” is defined as

“a situation in that one or more Relevant Persons that exert direct or indirect control or influence over the AIF and/or its portfolio companies can make a material undue financial or other gain at the expense and to the detriment of the AIF and/or its portfolio companies”.

For the purposes of this policy an “undue gain” shall not include any gains that are:

- a) Received pursuant to the limited partnership agreement of the AIF (the “**Limited Partnership Agreement**”) or pursuant to the private placement memorandum, any subscription certificate or side letter, if any, of the AIF, including without limitation any management fees, formation costs compensations, distributions and carried interest distributions; or
- b) received as compensation for the performance of the Advisor, provided that the financial gain may not exceed the fee rates for such services set out in the Limited Partnership Agreement or such fee rates approved by the investors’ advisory committee to the AIF; or
- c) made in relation to a matter that has been approved, or a matter in which respect the Conflict of Interest has been waived, by the investors’ advisory committee; or

- d) made in fair compensation for goods or services provided to the AIF based on a written agreement and on arm's-length terms.

FREO IM considers that the existence of a Conflict of Interest is not necessarily by itself an issue. However, a Conflict of Interest situation increases the risk that Relevant Persons do not act in the interests of the AIF, which may lead to a material undue financial or other loss to the AIF.

Even if not exploited, a Conflict of Interest situation that is not managed appropriately may leave doubt about the conduct of Relevant Persons and is a risk to the AIF.

To safeguard the interests of AIF, FREO IM/the Board of Managers undertakes to manage and if possible to avoid or to resolve Conflicts of Interests with respect to the AIF.

1.5 FREO Group

The CIP has been prepared by the Risk Management Function ("Risk Function") at FREO Group.

2. Conflicts of Interest

FREO IM has a conflicts of interest policy that is intended to provide adequate safeguards against the existence of conflicts of interest in relation to FREO IM and the AIFs that it manages, as well as the effective operation of the risk management function. An abridged version of this policy is included below (the complete policy is available separately upon request):

2.1 Overview

This Conflicts of Interest Policy (the "Policy") will apply to all of the Alternative Investment Funds ("AIFs") for which FREO IM will act as an Alternative Investment Fund Manager ("AIFM"). For the avoidance of doubt, where the term FREO IM is used this shall also mean those AIFs for which it will act as AIFM.

The objective of the Policy is to ensure that conflicts of interest within FREO IM and the AIFs for which it has been appointed manager are identified, recorded, managed appropriately and, where necessary, are disclosed in order to ensure the fair treatment of investors.

This Policy applies to all of FREO's activities in connection with the Alternative Investment Management Funds Directive ("AIFMD"), including those outsourced activities provided by a third party. All employees of FREO IM are required to observe, comply and act in accordance with the Policy.

2.2 Identification of conflicts

FREO IM must take all reasonable steps to identify conflicts of interest that arise or may arise in the course of providing any regulated activity or activities in connection with or for the purposes of a regulated activity. A conflict occurs where competing obligations or motivations result in, or are likely to result in, material risk of damage to the interests of an investor, including where:

- An investor of an FREO IM is disadvantaged or makes a loss when FREO IM or an employee of FREO IM is then advantaged or makes a gain; or

- An investor of FREO IM makes a gain or avoids a loss when another client of an AIF

managed by FREO IM thereby makes a loss or is disadvantaged.

FREO IM or an employee of FREO IM has an interest in the outcome of a service provided to an investor client or of a transaction carried out on behalf of an investor which is different from the investor's interest in that outcome.

FREO IM or an employee of FREO IM has a financial or other incentive to favor the interests of one investor over another investor.

FREO IM or an employee of FREO IM receives or will receive from a third party other than the investor an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

The Board of FREO IM is responsible for determining what amounts to a 'material risk of damage'. FREO IM's policies and internal procedures are designed to assist in identifying possible conflicts of interest, or the appearance of conflicts of interest that might raise questions in connection with our obligation to treat our investors fairly.

For the purposes of identifying the types of conflict of interest that arise, or may arise, the following should be taken into account:

Is FREO IM likely to make a financial gain, or avoid a financial loss, at the expense of the investor?

Does FREO IM have an interest in the outcome of a service provided to the investor or of a transaction carried out on behalf of the client, which is distinct from the investor's interest in that outcome?

Does FREO IM have a financial or other incentive to favor the interest of another investor or group of investors over the interests of this investor?

When providing the service to the investor, will FREO IM receive an inducement from a third party, in the form of monies, goods or services?

In addition to the above, FREO IM has identified possible causes for conflicts of interest, they may particularly arise from:

Carried interest

Certain Members may subscribe on an arm's length basis to shares of the AIFs bearing a carried interest which creates an incentive for them to propose investments to the AIFM that are risky and more speculative than would be the case in the absence of such performance-based compensation arrangement. In addition, in evaluating investments and other management strategies, the opportunity to earn incentive compensation based on the AIF's returns may lead the Members to place undue emphasis on the maximization of returns at the expense of other criteria, such as preservation of capital, in order to achieve higher incentive compensation. Investments with higher yield potential are generally riskier or more speculative. This could result in increased risk to the value of the AIF's invested portfolio and be detrimental to the Investors.

Inappropriate influence

- ***Provisions of services by the promoters, Investors and/or their affiliates***

The AIFM and the Investment Holding Companies may elect to retain a promoter, an Investor or any of their affiliates, in connection with services including but not limited to design, management, construction, leasing, development, group purchasing, or other property management services or purchasing services, advisory services or asset management services but shall not be under any obligation to do so. Such entities will be entitled to receive fees for such services. This could result in a risk of transaction not made on an arm's-length basis and detrimental to the Investors.

- ***Borrowing from promoters or Investors or their affiliates***

All or a portion of the AIFM or AIF's borrowings may be obtained from a promoter or an Investor or their affiliates, increasing the power of influence of said promoter or Investor over the decisions of the AIFM.

- ***Leasing of properties to promoters or Investors or their affiliates***

The AIFM or any Investment Holding Company may elect to retain a promoter or an Investor or any of their affiliates as tenant or lessee of the newly developed or redeveloped properties. This could result in a risk of leasing not made on an arm's-length basis and detrimental to the AIFs.

- ***Purchase of investments from the promoters or Investors or their affiliates***

The AIFM may decide to purchase a property from a promoter, a promoter or one of their affiliates. This could result in a risk of financial terms not being at arm's length.

- ***Investments in which another affiliate of a promoter has a different parallel investment***

The AIFM may invest directly or indirectly in companies or other entities in which the promoter and/or their affiliates have or are concurrently making a different parallel investment. In such situations, the AIF and such other promoter affiliated investments may have conflicting interests (e.g., over the terms, exit strategies and related matters, including the exercise of remedies, of their respective investments).

- ***Allocation of investment opportunities with other vehicles***

The promoter and/or their affiliates may, from time to time, be presented with investment opportunities that fall within the target asset class of an AIF. In this case, the determination in good faith by the AIFM of whether the investment is desirable for the AIF may be at stake and this may create an incentive to invest or not depending on the interests of the promoters.

- ***Promoters and Investors tax status***

The Investors / may have conflicting investment, tax and other interests with respect to their investments in the AIFs. The Conflict of Interest may relate to or arise from, among other things, the nature of investments made by the AIF, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, Conflicts of Interest may arise in connection with decisions made by the AIFM, including with respect to the nature or structuring of investments.

2.3 Record of conflicts

Any person who identifies a potential or actual conflict of interest should immediately report it to their line manager or the Compliance function. A Conflicts Register should be maintained. All actual or potential conflicts of interest should be recorded on the appropriate department register, and this should include the conclusions reached on how the matter is managed or mitigated.

Relevant records relating to all conflicts, regardless of whether they are recorded in the Conflicts

Register, must be kept for a minimum period of 5 years.

The Compliance Officer shall inform the Senior Management if the Conflict of Interest cannot be prevented in order to implement mitigation measure to manage the Conflict of Interest.

For any identified Conflict of Interest which may not be managed, the Senior Management may report to the Board for decision on actions and measures to be taken to mitigate the identified Conflict of Interest.

2.4 Management of conflicts

Each conflict of interest identified will be managed and monitored. FREO IM may adopt the following types of procedures and measures when managing conflicts of interest:

Control of information. Preventing/controlling the exchange of information between opposing sides of a conflict of interest e.g. by establishing a Chinese wall or adding to the Conflicts Register.

Separate supervision. Ensuring that individuals within FREO IM on opposite sides of a conflict of interest are subject to separate supervision or reporting lines.

Remuneration links. Revision of direct links between the remuneration of individuals on opposite sides of a conflict of interest, or remuneration links that may influence an individual to favor a particular product or service.

Measures to avoid inappropriate influence. Preventing the inappropriate influence of one individual over another e.g. where a person who influences an individual's career progression or remuneration can exert undue influence over that individual's integrity of judgment.

Segregation of duties. Preventing/controlling the simultaneous/sequential involvement of individuals in separate tasks or services.

On an on-going basis, the Board of FREO IM will give consideration to whether the potential for a conflict of interest may exist and, where this is the case, arrangements will be made to manage the conflict in the most appropriate manner.

It is not enough merely to implement one, or a combination, of the above types of control. At all times, consideration must be given as to whether an appropriate level of independence has been achieved between the opposing sides of a conflict of interest. It may be necessary to adopt alternative or additional measures if appropriate to a particular circumstance.

In order to ensure that conflicts are managed appropriately, internal procedures will be followed where they are already in place; should it be found that no internal procedures exist, then that

particular conflict will be referred to the Conflict of Interest Committee and the Board of FREO IM in order to reach a conclusion or establish a suitable procedure or process to resolve or manage the conflict.

2.5 Disclosure of conflicts

Where the measures implemented to manage conflicts described above are insufficient to ensure, with reasonable confidence, that risk of damage to the interests of investors will be prevented, then the nature of the conflict of interest arising must be disclosed to those investors prior to undertaking further business with them subject to the following:

Such disclosure should be clear, fair and not misleading;

Such disclosure should be made in writing either on paper or by email. It cannot simply be made available on the firm's website;

The amount of detail which must be disclosed depends on the nature of the investors. Sufficient detail must be given to enable the investors to take an informed view.; and

Merely disclosing conflicts without attempting to manage them will not be sufficient. Disclosure is for conflicts that cannot be managed or adequately managed by other measures.

2.6 Monitoring

Potential and actual conflicts of interest will be overseen by the board of FREO IM and the Compliance function that shall be responsible for the supervision and monitoring of the conflicts identified under this Policy. Where considered appropriate, Internal Audit may be requested to review the handling or management of a conflict to determine whether the internal procedures applicable to the conflict were followed.

Both Compliance and Internal Audit will undertake monitoring of potential and actual conflicts of interest as part of their routine monitoring program.

On a regular basis the Compliance will review the Conflicts Register to ascertain whether the conflict of interest still exists, ensure conflicts are adequately managed and any action taken is still relevant. Any significant conflicts of interest will be reported to the Risk Function and the Board of FREO IM as soon as reported.

3. Awareness and training

All FREO employees can access this Policy which is saved on the server J:\Office_LUX\0000 Compliance\Policies\AIFM book\latest folder AIFM Manual. Where further training is required on any aspect of this Policy an employee should approach their line manager or Risk Manager.

Each Staff member must, on a yearly basis, declare whether he/she is in a situation which may potentially lead to a conflict of interest as defined in this Policy and by completing the form attached in Annex II.

4. Responsibilities of key personnel

The ultimate responsibility for ensuring the proper treatment of a conflict of interest lies with the Risk Manager. The role of the Compliance function is to assist with the final determination of how a conflict

is addressed (i.e. mitigated, managed, disclosed or avoided), review on-going conflicts of interest, and ensure proper records of the conflicts are kept. The Compliance function will present the Policy to the Board of FREQ IM for review and approval from time to time.

5. Review of the policy

This Policy is subject to a formal review on an annual basis and it will also be reviewed in line with business changes and changes to regulation.

Other relevant policies

Other relevant policies prepared separately to this policy can be found on the server J:\Office_LUX\0000 Compliance\Policies\AIFM Manual.

Appendix 1: Certain Conflicts of Interest and mitigating measures

a) Expected Conflicts of Interest

The Board of FREO IM has identified certain Conflicts of Interest as described in the following that may exist or may arise with respect to any AIF

Situation and Conflict of Interest	Examples of ensuing risks to the AIF
<p>Relevant Persons may pursue business activities beyond the AIF.</p> <p>A Conflict of Interest may arise between the interests of Relevant Persons to promote the business activities of the AIF and their interests to promote other current or future business activities outside of the AIF, in particular other real estate investment funds or ventures or co-investments in investments of the AIF by third parties.</p>	<p>Relevant persons may allocate business opportunities to business activities outside of the AIF.</p>
<p>Relevant Persons receive fees from the AIF.</p> <p>A Conflict of Interest may arise between the objective of the AIF to realise attractive investment returns net of fees and the interests of Relevant Persons to earn fees from the AIF.</p>	<p>To generate fee income, Relevant Persons may cause the AIF to invest in investments that do not have an attractive investment return profile.</p> <p>To maintain fee income, Relevant Persons may cause the AIF to maintain an investment instead of divesting it.</p> <p>Relevant Persons may seek to charge fees that are incommensurate with the level and quality of service provided.</p>
<p>Certain Relevant Persons participate disproportionately in the distributions of the AIF</p> <p>Entitlement to carried interest distributions can be viewed as an incentive for entitled Relevant Persons to cause or influence the AIF to make riskier or more speculative investments as carried interest distributions are a participation in a profit but not in a loss of the AIF</p>	<p>Relevant Persons may cause or influence the AIF to use higher financial leverage for investments.</p>

<p>Limited partner interests may conflict</p> <p>Limited partners may have conflicting investment, tax and other interests with respect to the AIF. In selecting and structuring investments appropriate for the AIF, the General Partner will consider the investment, tax or other objectives of the AIF over the investment, tax or other objectives of any limited partner individually. Limited partners may transact separately with the AIF or its subsidiary portfolio companies.</p>	<p>Conflicts may relate to, among other matters, the acquisition or structuring of investments, the operational management of investments or the timing and disposition of investments.</p> <p>Decisions made by FREO IM or the General Partner on behalf of the AIF may be more beneficial for particular limited partners than for other limited partners, for example, with respect to a particular limited partner's individual tax situation.</p> <p>One or more limited partners may purchase assets from the AIF or its subsidiary portfolio companies. Such limited partners' interest to achieve a low purchase price is in conflict with the interest of the AIF to achieve a high sales price.</p>
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The Board of Managers has established the following measures designated to minimize the risk that Conflicts of Interest may harm or prejudice the interests of AIF:

- a) A significant portion of the expected fee income of Relevant Persons from the AIF is performance related (e.g. carried interest distributions, income based property management fees and success-dependent leasing fees).
- b) Carried interest distributions are based on the distributions of the AIF as a whole, rather than on distributions with respect to individual investments.
- c) Fees and performance compensations that Relevant Persons are entitled to are clearly set out in the limited partnership agreement and the private placement memorandum of the AIF.
- d) Certain related party transactions require the approval of the investors' advisory committee.
- e) Investors and/or the investors' advisory committee will have certain control rights over the AIF, including control rights in the event of a departure of key personnel and conditional rights to remove and replace FREO IM/the General Partner as managing general partner of the AIF.
- f) The Board of Managers includes independent managers that are not shareholders, members, partners or employees of FREO Group (however, they may hold positions as independent managers of other entities of FREO Group).
- g) Establishment of this Conflicts of Interest Policy that is to be followed by FREO IM /the Board of Managers to ensure that the interests of the AIF are safeguarded in the event that potential Conflicts of Interest arise.

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