

Why Expense Ratios Can Differ: Private Real Estate Debt Funds

Expense ratios tell you what it costs to run a fund, and those costs can change when borrowing is involved. The Redwood portfolio management team utilizes borrowing tools when the net effect increases net distributable income to shareholders. Below is an example of the Redwood Private Real Estate Debt Fund (Class I) without leverage vs. including leverage, where we add incremental income.

CREMX Without Leverage

The fund invests only the money provided by investor capital.

No borrowing is used, so expenses include only the day-to-day costs of running the fund.

CREMX Loan Book	Total Expense Ratio	# of Loans	# of States Represented	30-Day SEC Yield
Without Leverage	2.17%	42	11	6.95%

CREMX Including Leverage



The fund may borrow to hold more loans than investor capital alone would allow.

Borrowing adds extra financing costs, which are included in the expense ratio.

CREMX Loan Book	Total Expense Ratio	# of Loans	# of States Represented	30-Day SEC Yield
Including Leverage	5.16%	393	29	7.44%

Total Expense Ratio data as of 4.30.2025. 30-Day SEC Yield data as of 10.31.2025. 30-Day SEC Yield is net, which represents the total income generated from capital deployed and the current loans in the portfolio, expressed as a percentage of the fund's total assets, after deducting any fees or expenses. No contractual waivers. The "Including Leverage" figures reflect the impact of the Fund's financing facilities, which primarily consist of (i) a Master Repurchase Agreement utilized through a wholly-owned subsidiary ("SPV 1") and (ii) a collateralized loan obligation ("CLO") issued through two additional wholly-owned special-purpose vehicles ("SPV 2"). Under the Master Repurchase Agreement, certain mortgage loans are sold and subsequently repurchased, providing short-term financing secured by those assets. Under the CLO structure, the Fund transfers mortgage-related assets into a bankruptcy-remote issuer that finances those assets through the issuance of secured notes. Both structures are consolidated in the Fund's financial statements, and all inter-company activity is eliminated. The "Without Leverage" figures represent the characteristics of the Fund's loan book, excluding assets financed through these facilities and removing associated interest expense. The "Including Leverage" figures reflect the full mortgage loan portfolio, inclusive of assets pledged as collateral under the repurchase facility and CLO, as well as the corresponding financing costs. Yield figures shown are net of all Fund-level fees and expenses.

Important Information

Past performance is not a guarantee of future results.

This material is for informational purposes only. It contains opinions that should not be construed as fact. All investment types discussed contain a certain degree of risk, including a loss of principal. Certain investments may not be suitable for everyone. There can be no guarantee that any investment objective will be achieved.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Redwood Private Real Estate Debt Fund. This and other important information about the Fund are contained in the prospectus, which can be obtained at redwoodmutualfunds.com or by calling 888.570.0805. The prospectus should be read carefully before investing.

The Redwood Private Real Estate Debt Fund is an interval closed-end fund. **The Fund is an appropriate investment only for those investors who can tolerate a high degree of risk and do not require a liquid investment.** The Fund does not intend to list the Shares on any securities exchange and the Fund does not expect a secondary market in the Shares to develop. Because you will be unable to sell your Shares or have them repurchased immediately, you will find it difficult to reduce your exposure on a timely basis during a market downturn. All or a portion of an annual distribution may consist solely of a return of capital (i.e., from your original investment) and not a return of net investment income. The Fund has limited operating history and the shares have no history of public trading. The Fund is classified as "non-diversified" under the Investment Company Act. As a result, it can invest a greater portion of its assets in obligations of a single issuer than a "diversified" fund. The Fund may therefore be more susceptible than a diversified fund to being adversely affected by a single corporate, economic, political or regulatory occurrence.

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The Redwood Private Real Estate Debt Fund is distributed by Distribution Services, LLC member FINRA/SIPC.

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