



Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

The registrant is JCR CAPITAL INVESTMENT CORPORATION ("JCR Capital") which can be contacted at:

JCR Capital Investment Corporation
Attn: Maren Steinberg, CCO
1225 17th Street
Suite 1850 Denver, CO 80202
Phone: 303-531-0217
marensteinberg@jcrcapital.com
www.jcrcapital.com

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This brochure provides information about the qualifications and business practices of JCR Capital. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or email address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about JCR Capital also is available on the SEC's website at www.adviserinfo.sec.gov.

JCR Capital is a registered investment adviser. Registration with the U.S. Securities and Exchange Commission (SEC) does not imply a certain level of skill or training.

Item 2 Material Changes

This is the Annual Updating Amendment Brochure of JCR Capital for 2014 (2014 Amendment). This 2014 Amendment provides additional information regarding the formation of JCR Capital Investment Company, LLC, which is the new general partner of JCR Funds II and III, the formation of JCR Funds III and the change of JCR Capital's Chief Compliance Officer.

In January of 2014, JCR Capital entered into a number of recapitalization transactions causing a change of control of JCR Capital. Please see JCR Capital's ADV Part I, which details our current ownership structure and direct owners.

This 2014 Amendment also provides updated JCR Fund and AUM information. In the future, any material changes will be reported to you annually within 120 days of the close of our fiscal year.

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Item 4 Advisory Business

- A. JCR Capital is a registered investment adviser with the Securities and Exchange Commission (“SEC”) and General Partner of one or more private affiliated investment funds (“JCR Funds” or “Fund”). Currently, JCR Capital is the general partner of and investment adviser to JCR Capital Distressed & Opportunistic Real Estate Fund I, L.P. (“JCR Fund I”); and BJCR Commercial Real Estate Finance Fund, I, L.P. (“BJCR Fund I”). JCR Capital was founded in October of 2008 as a Delaware corporation by Jay Rollins and Maren Steinberg. Mr. Rollins is a principal shareholder and serves as JCR Capital’s CEO and President. Maren Steinberg is a principal shareholder, Executive Vice-President as well as the JCR Capital’s Chief Operations Officer and Chief Compliance Officer. JCR Capital’s other principal owners are identified on Schedule A of our ADV Part 1, and include StanCorp Financial Group, Inc., SREP JCR Capital Associates, LLC and Partner Reinsurance Company, Ltd.
- B. In January of 2014, JCR Capital’s Chief Compliance Officer was changed from Erica England (the Company’s Controller) to Maren Steinberg.
- C. In May of 2013, JCR formed JCR Capital Investment Company, LLC (“JCRCIC”) to serve as the general partner of JCR Commercial Real Estate Finance Fund, II, L.P. (“JCR Fund II”), BJCR Commercial Real Estate Finance Fund, I, L.P. (“BJCR Fund I”) and future JCR Funds. In May of 2013, JCRCIC, as General Partner of JCR Fund II and BJCR Fund I, entered into an investment advisory agreement with JCR Capital for the provision of investment advisory services.
- D. In the fourth quarter of 2013, JCR formed JCR Commercial Real Estate Finance Fund IIIA, L.P.; JCR Commercial Real Estate Finance Fund IIIA(Q), L.P.; JCR Commercial Real Estate Finance Fund IIIB, L.P.; and JCR Commercial Real Estate Finance Fund IIIB(Q), L.P. (JCR III Funds). JCRCIC is the general partner of and JCR Capital is the investment adviser to the above new JCR III Funds. The JCR III Funds have a substantially similar investment strategy as prior JCR Funds.
- E. JCR Capital and JCRCIC provide investment advisory and asset management services to JCR Funds, which are generally private investment funds relying on an exemption from registration as an investment company pursuant to Section 3(c)(1), 3(c)(5) or 3(c)(7) of the Investment Company Act. JCR Capital and JCRCIC generally accepts only accredited investors and qualified clients for its Section 3(c)(1) or 3(c)(5) Funds and only accredited investors and qualified purchasers for its Section 3(c)(7) Funds. JCR Capital knowledgeable employees may also invest in JCR Funds. JCR Capital may also provide discretionary or non-discretionary investment advisory and asset management services to non-affiliated private investment funds or clients with substantially similar investment objectives and strategies as the JCR Funds (managed accounts).

We specialize in investing in commercial real estate opportunities and transactions where liquidity is required. JCR Capital typically employs two general types of transactions to accomplish the respective JCR Fund’s investment objectives: (1) Distressed/Capital Appreciation Investments (typically participating debt, preferred equity or *pari passu* equity transactions); and (2) Debt Investments (typically in the form of first trust loans). These opportunities may arise in the form of, among others, discounted note payoffs, distressed debt acquisitions and debt financing, project recapitalization and restructuring, bank recapitalization, short-term bridge loans and other opportunities secured by real estate. We typically focus on the following types of property asset classes: office, multi-family, industrial, retail, condominiums and land. JCR Capital may also act as the co-General Partner and/or provide investment management services, in whole or in part, on a non-discretionary basis to non-affiliated private investment funds or managed account clients with substantially similar investment objectives as described above.

Potential conflicts of interest: Our JCR Funds may purchase investments alongside other affiliated investment vehicles and managed account clients, and may enter into other transactions involving affiliated investment vehicles or other of our affiliates. These transactions will not be the result of

arm's length negotiations and may involve conflicts between the respective Fund's interests and the interests of other affiliates. JCR principals and employees may also invest side-by-side with JCR Funds or in JCR Funds transactions. Potential conflicts of interest will be addressed by JCR Capital's advisory committee. JCR Capital may offer the ability of one or more JCR Investors to co-invest with a JCR Fund in an investment in which a JCR Fund invests. When a JCR Investor co-invests with JCR in an investment, the JCR Investor typically does not pay to JCR Capital any fees for the co-investment opportunity. This represents a conflict of interest, because not all JCR Investors will be offered the ability to co-invest in such investments and may allow some JCR Investors to pay substantially lower fees to JCR Capital than other JCR Investors. See Paragraph F of this Item 4 below for further information regarding co-investments.

- F. Our advisory services are not specifically tailored to individual needs of investors, and investors typically may not impose investment restrictions on types of investments.
- G. JCR Capital does not participate in any wrap fee programs.
- H. JCR Capital manages approximately \$109,000,000 in assets on a discretionary basis, and approximately \$40,000,000 in bridge loans on a non-discretionary basis. We have nine total accounts.
- I. JCR Capital originates, underwrites and services bridge loans as an additional business activity. In addition, JCR may co-invest or finance investments with affiliated or non-affiliated parties outside the JCR Funds so long as such investments or financing does not conflict with JCR's duties as the General Partner of the JCR Funds. This represents a conflict of interest. In order to mitigate this conflict of interest, JCR has policies and procedures in place to ensure that any such co-investment or financing does not conflict with JCR Capital's or JCRCC's duties as the General Partner of the Funds. For example, JCR, its principals or control persons, may not co-invest or provide financing for investments outside the JCR Funds if such investment would compete with such JCR Funds.

Item 5 Fees and Compensation

- A. JCR Capital generally charges fees as follows:

The JCR Funds generally pay JCR Capital or JCRIC an annual management fee (the "**Management Fee**") of two percent (2.0%) per annum based on the aggregate amount of invested capital, payable quarterly in advance. The amount of the Management Fee is set forth in each respective JCR Fund's offering documents. Generally, Management Fees are not negotiable after the final closing of the respective Fund and no refunds will be made for early termination of the advisory agreement. Generally, the JCR Fund's investment advisory contracts may be terminated only if the Fund's General Partner (also JCR Capital or JCRIC) is removed.

From time to time, in our sole discretion, the Management Fee may be negotiated lower through a "side letter" agreement executed by JCR Capital, or JCRIC and the respective Limited Partner or managed account client. To the extent that we, our principals and employees, and their respective families and friends, are JCR Fund investors, they may, at our discretion, pay reduced Management Fees or none at all. Please also see Item 4 Paragraphs B and F as well. Co-investment agreements with certain JCR investors may be contained in side letters.

In addition to the Management Fee, JCR Capital generally receives carried interest as a profit participation distribution from the respective JCR Fund ("Carried Interest") from all qualified client Limited Partners in the respective JCR Fund. For Limited Partners that were invested in any JCR Fund prior to the effective SEC registration date of JCR Capital, JCR Capital generally charges carried interest to non-qualified clients pursuant to Rule 205(3)-(c). For more information see Item 6 below.

- B. JCR Capital will deduct all fees and expenses prior to allocating distributions to the Limited Partners. Management Fees are payable quarterly in advance. Preferred return, return of capital and profit

distributions are made at the discretion of JCR Capital.

C. All organizational expenses of the JCR Funds will be paid by the respective Fund, including, without limitation, reimbursement to JCR Capital for its respective out-of-pocket expenses of organizing the Funds and marketing the Fund to prospective Limited Partners (e.g., legal, accounting and administration fees, filing fees and all other out-of-pocket expenses reasonably incurred in connection with the organization of the Partnership and the marketing of interests, including, without limitation, travel and entertainment expenses, printing fees, the production of marketing materials) (collectively, “**Organizational Expenses**”). JCR Capital may provide that Limited Partners will have no obligation to pay Organizational Expenses until the Fund has received a certain amount of gross income or capital commitments, and may cap the amount of Organization Expenses for which Limited Partners are responsible on a pro-rata basis.

JCR Funds will pay, or reimburse JCR Capital or JCRCC for, all costs and expenses arising from the Fund’s operations, including, without limitation, legal, tax, accounting, auditing, administration and other professional advice and the advice of other consultants and experts on behalf of the Funds’ expenses related to the potential acquisition, holding, servicing and sale of investments, and expenses related to sourcing, underwriting, conducting due diligence, bidding on and completing investment transactions, including fees and commission, travel expenses, and brokers’ fees and commissions related thereto (together with Management Fees and servicing costs, “**Partnership Expenses**”). JCR Capital or JCRCC will generally not be entitled to special fees with respect to underwriting or other services performed with respect to investments, or pay general overhead expenses of JCR Capital, other than the Management Fee, unless specifically set forth in the Fund’s agreement of Limited Partnership and/or PPM.

D. Management Fees are payable quarterly in advance.

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

As noted in Item 5 above, the allocation of profits and losses and return of capital contributions in each respective JCR Fund is set forth in each respective JCR Fund’s Agreement of Limited Partnership (“LPA”). Each JCR Fund LPA sets forth that the General Partner shall be allocated twenty percent of the profits of the partnership generated by the net proceeds from divestment of JCR Fund investment holdings and cash receipts from any dividends, interest or other distributions from portfolio holdings (“Carried Interest”) after Limited Partners are allocated a preferred return of nine percent (9%) on capital commitments and the return of 100% of Limited Partner capital contributions are returned to such Limited Partners. In plain English, the above describes a profit allocation plan in which the Limited Partners receive a preferred return of 9% after which JCR Capital receives Carried Interest equal to 20% of the profits of the Partnership.

Pursuant to the JCRCIC/JCR Capital master investment advisory agreement, JCRCIC pays JCR Capital all Management Fees and a portion (currently 75%) of the Carried Interest collected by JCRCIC as the General Partner of the JCR Funds as a performance allocation.

The terms of the return of capital and profit participation may vary from JCR Fund to JCR Fund or client to client. See each respective JCR Fund offering documents for details. For example, the preferred Limited Partner return may be more or less than 9%, the percentage thresholds related to the catch-up distribution may change or be removed, and the Carried Interest (Performance Allocation) of JCR Capital may be more or less than 20%. All performance-based fees are calculated and paid in accordance with Section 205 of the Advisers Act and Rule 205-3 of the Advisers Act.

Potential conflicts of interest:

The potential of earning Carried Interest may motivate us to make more speculative investments on behalf of the JCR Fund than we would otherwise make. However, this risk is mitigated by the requirement that JCR Fund investors receive a return of invested capital plus a preferred return, which creates an incentive for us to balance risk and reward potential, as any losses will need to be regained before performance-based fees

are received. JCR Capital may offer the ability of one or more JCR Investors to co-invest with a JCR Fund in an investment in which a JCR Fund invests. When an affiliated or unaffiliated party, which may include current JCR Investors, co-invests with JCRCIC/JCR in an investment, such co-investor will not typically pay to JCRCIC/JCR any Management Fees or Carried Interest for the co-investment opportunity. This represents a conflict of interest, because not all JCR Investors will be offered the ability to co-invest in such investments and may allow some JCR Investors to pay substantially lower fees to JCR Capital than other JCR Investors. See Paragraph F of Item 4 above for further information regarding co-investments.

Because all of the JCR Funds pay roughly equivalent Carried Interest rates, the risk of side-by-side account management conflicts of interest is mitigated. Any potential conflict of interest is also mitigated by the Funds' investment cycle. At any given time, only one JCR Fund (and possibly a supplemental fund or managed account) will be in the investment phase. Our Funds generally follow a cycle of (1) capital sourcing; (2) investment; and (3) disposition of portfolio holdings. Typically, we do not begin investments for a new JCR Fund until all existing JCR Funds (other than a related supplemental fund or managed account) have substantially completed their investment phase.

However, we recognize that conflicts related to side-by-side management may exist for other reasons. For example, as noted above, JCR Capital may create supplemental JCR Funds or provide investment advisory services to managed accounts that invest on a side-by-side basis with the JCR Funds on certain investment opportunities. To the extent there is a limited investment opportunity, we, on a fully disclosed basis, allocate the investment opportunity to the respective JCR Fund first before any allocation is made to any supplemental fund or managed account. Generally, a managed account or any supplemental JCR Fund may only make investments in transactions also invested in by a JCR Fund. However, managed accounts or separate JCR Funds in the investment phase may invest in other transactions, but only long as the terms of the investment fall outside the JCR Fund's respective strategy guidelines but meet the strategy guidelines of the managed account or supplemental JCR Fund.

Item 7 Types of Clients

As noted in Item 4 above, JCR Capital's clients are the JCR Funds and may include managed accounts that typically invest side-by-side with the JCR Funds on certain investment opportunities. JCR Capital also has clients for which it originates and manages bridge loans. The JCR Funds are typically formed as domestic Limited Partnerships. The JCR Funds typically require capital commitments from each Limited Partner of \$50,000-\$20 million. JCRCIC/JCR, however, may accept lower capital commitment amounts from Limited Partners in its sole discretion. JCRCIC/JCR has discretion to accept higher or lower capital commitments.

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

We specialize in investing in real estate debt and equity transactions. JCR Capital will make investments in commercial real estate and seek to provide investors with attractive risk-adjusted returns and principal protection. We expect to provide investors with current cash flow and long-term capital gains, by having a diversified portfolio of debt, participating debt, preferred equity and equity investments ("**Investments**").

Our methods of analysis and investment strategies used to accomplish each Fund's investment objectives, as well as risk of loss of investments, are set out in great detail in each Fund Private Placement Memorandum ("PPM").

For example, our investment strategy will typically focus on commercial real estate opportunities where liquidity is required and such opportunities meet each Fund's underwriting guidelines. Each Fund's investment structure may include debt, participating debt, preferred equity and *pari passu* equity, and in some cases, the acquisition of fee simple real estate. In most cases, the Funds will co-invest with experienced sponsors who identify specific opportunities, negotiate the deal terms and then actively manage the investments ("**Sponsors**").

Specific investment opportunities that we and the Sponsors would co-invest in include, without limitation:

- i. Discounted note payoffs (DPO's)
- ii. Distressed debt acquisition
- iii. Distressed debt financing
- iv. Project recapitalization and restructures
- v. Good bank/bad bank recapitalizations
- vi. Short term bridge loans (hard money loans)
- vii. Other special situations secured by real estate that the manager deems appropriate

The above described investment opportunities are available at attractive rates of return due to the lack of capital in the commercial real estate market. In addition, the unfavorable economic environment is now causing financial stress at the real estate property level. Many owners and operators of real estate are experiencing substantial financial stress in the operations of their assets. These may include:

- i. Existing debt levels are in excess of a property's current value
- ii. Declining cash flows are causing stress on sponsor's ability to keep existing debt current
- iii. Needed property level capital requirements are causing stress on sponsor's liquidity
- iv. Many sponsors need to quickly monetize illiquid assets in order to meet other financial obligations

In addition, we will generally seek to make opportunistic investments in the following asset classes:

- i. Office properties
- ii. Multifamily properties
- iii. Industrial properties
- iv. Retail properties
- v. Condominiums
- vi. Land/lots (the Partnership will focus on finished lots)

Our JCR Fund's investments are generally subject to investment matrix thresholds in order to diversify portfolio holdings across security types, asset class and geography. Moreover, we will not make investments in hospitality or health care assets, based upon our lack of expertise in these asset classes, nor will we generally engage in new construction (ground up) investments based on the its belief that existing assets will be available at substantially below replacement costs and have substantially lower risk profiles than new construction.

Investment returns

We strive to create a diversified portfolio of both current yield investments and capital appreciation investments. This strategy will allow investors (Limited Partners) to receive an annual current return, while also allowing the investor long-term capital gains. JCR Capital will seek to target high blended internal rates of return, net of fees.

Investment process and due diligence

JCR Capital has a robust investment and due diligence process.

Investment Basis: We are highly focused on ensuring that our JCR Funds' investment basis is extremely low in each transaction. Typically sponsor equity is subordinate to JCR Capital's Interest.

Underwriting Assumptions and Stress Tests: We use our proprietary models and conservative assumptions in assessing the value of an underlying property and then stress-tests its assumptions on its proprietary models to ensure that it can recover its principal in most plausible downside scenarios.

Structure: We believe that each transaction requires a unique structure that is tailored to the risk profile of the particular investment. Our professionals seek to "structure risk out of the transaction" by using debt and unlevered preferred equity structures, providing both the debt and equity in the same transaction, and seek to be the "first money out" in its transactions and uses performance tests throughout the investment term to

ensure that its position is protected at all times (e.g. NOI tests, occupancy tests and sales velocity tests). We also achieve this by focusing in on key asset level events and making the success of these events a part of the investment performance criteria.

Alignment of Interest: We work closely with each sponsor to assess their level of expertise and to ensure that a sponsor has an appropriate amount of capital at risk, which we believe serves to align interests. Many of our transactions to date have been alongside sponsors with whom the Principals have invested in previous successful transactions.

Hold-to-Maturity Mentality: Throughout their careers, the Principals have been “hold-to-maturity” investors. They have not originated loans with the objective of immediately offloading their risk into a securitization vehicle. The Principals have a track record of building robust asset management platforms and have done so at JCR Capital.

Underwriting Multiple Exit Strategies: When assessing the merits of a transaction, we seek multiple strategies for exiting an investment, thereby increasing its flexibility for managing the investment post-close.

Repeat Clients: Many of our transactions to date have been alongside sponsors with whom we have established a proven track record of success.

One-Stop Shop: The Principals of JCR Capital were early initiators of the “one-stop shop” approach while working at GMAC. We will routinely offer the entire capital stack (debt plus preferred equity or equity) so that we are able to have more control over the asset. We believe that a significant number of its debt investments will be originated as one-stop shop transactions.

Underwriting / Investment Approval

Phase I – Preliminary Review

One of our investment professionals initially screens requests and quickly sorts through transactions based on their merits and likelihood of closing. Then we begin to interact with the broker and/or sponsor to learn more detail on the opportunity and review any material on the proposed transaction. If the opportunity is deemed to be promising, a transaction summary is written up and presented to the JCR Capital preview committee.

Phase II – Site Visit and Initial Due Diligence

If an opportunity is approved by the JCR Funds’ preview committee, we issue a letter of intent or soft quote and a small deposit is collected for travel, underwriting and, in some cases, legal expenses. Once a deposit is received, we will schedule a site visit. The site visit also includes a market review and research on the economic and demographic dynamics of the property’s location. The transaction team contacts other local market professionals and economists to obtain their opinions about the property, its immediate market and the surrounding economy. Results of the site visit are reviewed by the JCR preview committee. If the JCR Funds’ preview committee votes to proceed, a formal term sheet is issued.

Phase III – Full Due Diligence and Investment Committee Vote

Phase III includes a variety of third party reports including a legal review, appraisal and environmental review. If we are working with a Sponsor, we begin with many of the Sponsors’ third party reports and subsequently make a determination on what additional third party reports we will require from independent sources. The transaction team then begins an independent process of validating the assumptions surrounding the transaction. We synthesize the information obtained in all phases to fully build out its model with stress tests and a variety of breakeven scenarios. Given our emphasis on principal protection, every investment requires multiple exit alternatives, which are plotted out prior to making an investment. All of this information is summarized in an investment memo, which is presented to the JCR Capital

investment committee for review, discussion and vote. If the transaction is approved, we move forward to close the investment with third party legal representation preparing closing documentation on our behalf.

Risk of Loss

Each JCR Fund PPM contains a detailed discussion of risk factors. Please review the respective JCR Fund PPM for a full discussion of risks related to each respective Fund. Below is a summary of such risks.

Market Risks and Economic Conditions

The ability of any JCR Fund to make investments will be driven in significant part by economic conditions in the United States, which will fluctuate with local and national economic conditions, such as job availability, interest rates and inflation rates. Other risks may include: loss of the underlying property due to acts of God, terrorist attack or other destructive forces, credit market disruptions, the U.S. National Deficit, acts of the U.S. Congress or other political bodies, rising energy prices or any other factors that affect the value of real estate.

Market and Competition

Market demand and competition for transactions in which the JCR Funds invest may fluctuate such that deal flow may not be adequate to allow the Funds to make investments in sufficient volume or at sufficient profit, or to make distributions to the Limited Partners. Moreover, cash flow from Fund operations is dependent on making investments; there are and will be no other assets available for generating profits for the Funds.

Real Estate Risks

Further, Limited Partner interests in the JCR Funds will be subject to risks generally associated with investments in real estate, including national economic conditions, future increases in real property taxes, changes in real estate values, environmental requirements, national and local recession, unanticipated inflationary rates in labor and other costs, unanticipated construction or capital improvement costs caused by changes in zoning laws, building codes and other governmental laws, rules and regulations, acts of God, such as earthquakes, floods, storms and other weather-related activities which may result in uninsured losses, all of which factors are completely beyond the control of the General Partner of the Fund.

The JCR Funds face all of the risks inherent in an investment in real property loans. Investment in the interests in the Funds should be regarded as the placing of funds in a high risk, newly formed, start-up company likely to experience many of the unforeseen costs, expenses, problems and difficulties to which such companies are often subject.

Possible Environmental Liabilities

Certain Fund investments may be subject to various risks under environmental laws resulting from prior uses or other causes. Under various federal, state, and local laws, ordinances, and regulations (collectively, "Environmental Laws"), the JCR Funds may be liable for the costs of removal or remediation of, or contamination by, certain hazardous or toxic substances emanating from the real property held by the Fund or a special purpose entity or from nearby properties owned by others, regardless of whether JCR Capital or any affiliate knew of such contamination. Such liability could exceed the value of the asset and/or the total assets of the Fund or adversely affect the Fund's ability to sell the asset, or to refinance any indebtedness using the asset as collateral. However, JCR Capital generally performs environmental assessments prior to investment as part of the due diligence process.

Reliance on Management

JCR Capital's success is heavily dependent on its managing principals, Jay Rollins and Maren Steinberg. JCR Fund Limited Partners will not have any right to participate in the management of the Fund's business.

Because the success of any Fund will be dependent, in large part, upon the personal efforts and abilities of Jay Rollins and Maren Steinberg, if either of them were no longer affiliated with the JCR Capital and if no suitable substitutes were found to replace them, the Fund interests could be adversely affected.

Risk of Private Debt and Equity Investments

Private debt and equity investments involve a high degree of financial risk. There can be no assurance that investments by any JCR Fund will be profitable or that substantial losses will not occur. The companies in which Funds will invest are often dependent on the skills of a small number of executives and are vulnerable to changes in technology, fluctuations in demand for their products, changing interest rates and other factors. There can also be no assurance that Funds will be repaid, be able to sell or otherwise liquidate its investments at the optimal time or price. Therefore, there can be no assurance that the rate of return objectives of JCR Capital will be realized or that there will be any return of capital to the Limited Partners.

Debt instruments are subject to credit and interest rate risks. Credit risk refers to the likelihood that an obligor will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities and other debt instruments which are rated by rating agencies are often reviewed and may be subject to downgrade. Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) or directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Fees

The return to the Limited Partners from investing in any JCR Fund will be affected by the Management Fees, Carried Interest and costs payable to the JCR Capital.

Time Required to Maturity or Deployment of Investment

JCR Fund's maturity phase may be long and investments are generally highly illiquid. As such, it may take many years from the date of the initial closing of the Fund for Limited Partners to receive return of capital and profits, if any. In addition, Investor's called capital or invested capital returned to the JCR Fund may sit in cash or cash equivalents for some time until deployed into real estate investments or distributed to investors creating a drag on the JCR Fund's IRR.

Default Risk

JCR Capital may issue debt securities (loans) as part of its investment program. As with any loan, adverse economic or business developments may adversely affect the ability of such borrowers to comply with their loan repayment obligations, as well as the ability of JCR Fund's subsidiaries to obtain leverage at desired levels, cost or terms.

Concentration Risk

The interests of JCR Fund Limited Partners could be impaired by the concentration of investments in a particular obligor, company, industry or geographic location. In addition, defaults may be highly correlated with particular obligors, industries or geographic locations, which can affect payments on the loans, the

overall timing and amount of collections on the loans or realization of capital recovery or profits on investments held by Funds.

Sponsor and Partner Relationships

While JCR Capital currently enjoys a long-standing positive relationship with Sponsors and financing Partners, there is no assurance that this relationship will continue or that we will continue to derive benefits from such relationships.

Lack of Market Liquidity

There is no organized public market for the JCR Capital Fund interests and it is not expected that any organized public market will develop in the future.

Restrictions On Transfer

JCR Fund offering documents contain transfer restrictions on the JCR Fund interests. Limited Partners may be required to pay a transfer fee for each proposed transfer of their Fund interests, which fee shall be non-refundable, notwithstanding that a transfer may not be subsequently approved. Any transfer of Fund interests is subject to prior compliance with or exemption from applicable securities laws and the condition that the transfers will not result in a termination of the Fund for federal income tax purposes or otherwise adversely affect the tax status of the Fund. The refusal of JCR Capital to make a "Section 754 Election" to adjust the basis of JCR Fund property upon a transfer of a Limited Partner's Fund interests may create adverse tax consequences to the transferee and thereby pose an additional impediment to the transferability of the Interests. In addition, a Limited Partner generally may not withdraw his, her or its capital contribution from the Fund prior to dissolution.

No Guarantee of Distributions

JCR Capital and JCR Fund Limited Partners may not receive any cash distributions (except for Management Fees). Further, JCR Capital and JCR Fund Limited Partners may be allocated profits, resulting in taxable income to such Partners, but not receive any distributions from the Fund to pay such taxes. Any distributions are totally dependent upon receipt of proceeds from loans and equity investments made or acquired by the Fund. There are no assurances that any JCR Fund will receive repayment of any loans made or acquired by the Fund.

Limited Rights of Investors

JCR Fund Limited Partners will be unable to exercise any management functions with respect to any JCR Fund. The rights and obligations of the Limited Partners are governed by the provisions of the Delaware Uniform Limited Partnership Act and other applicable Delaware statutes and by the Fund offering documents. Further, JCR Capital may generally only be removed for cause by the affirmative vote of Limited Partners holding seventy-five percent (75%) of the JCR Fund interests, provided that JCR Capital shall not be removed except for breach of fiduciary duty, willful or wanton misconduct or gross negligence. As such, Limited Partners will have Limited rights to remove the JCR Capital as General Partner of any JCR Fund.

Limited Partners' Potential Liability to Creditors

A JCR Fund's Limited Partner's liability to creditors of the Fund would be Limited to the Limited Partner's Capital Contribution and undistributed profits. However, if a Limited Partner has received a return of his, her or its Capital Contribution, such Limited Partner may be required by the Delaware Uniform Limited Partnership Act and other applicable Delaware statutes to make a contribution of the returned Capital Contribution to the JCR Fund to the extent necessary to discharge certain of the Fund's liabilities to creditors. Although extremely rare with regard to the types of investments made by JCR Capital, it is

possible that an investment made by JCR Capital for one or more of the JCR Funds could be fraudulent. In such cases, federal or state authorities may utilize certain “claw-back” laws to force Limited Partners to pay back any distributions of capital contributions and/or profits to a central trustee fund which then would typically be redistributed to all creditors of the fraudulent investment.

Indemnification Obligations

JCR Funds are typically obligated to indemnify JCR Capital and its affiliates and agents against certain civil liabilities, including those under the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended, and certain other potential liabilities. If the JCR Fund were required to indemnify JCR Capital or such other parties, the Fund would have to expend the Fund capital, thereby reducing the amount of funds available for use in the Fund to invest or to distribute to the Limited Partners.

Valuation of JCR Fund Investments

Most private equity and real estate investments are highly illiquid, and there can be no assurance that a JCR Fund will be able to realize on such investments in a timely manner or at all. As such disposition of Fund investments may take a lengthy period of time or result in in-kind distributions. Such illiquid investments typically do not have independently verifiable prices on which JCR Capital can rely in order to determine the current fair market value of such securities.

We value JCR Fund investment holdings according to JCR Capital’s Investment Valuation Policy and applicable laws and regulations. Our Investment Valuation Policy is intended to be in accordance with Generally Accepted Accounting Principles (GAAP) and Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic 820, Fair Value Measurements and Disclosures.

In general, it is our policy to calculate a fair market value of fund investments in accordance with the Partnership agreement of each Fund. Unless stated otherwise in the Fund specific Partnership agreement, this will be on a semi-annual basis. The valuation will be performed on an investment-by-investment basis, and the specific assumptions relative to the valuation model of the investment will be identified by management, documented and categorized into the applicable level in the fair value hierarchy in accordance with ASC 820.

Item 9 Disciplinary Information

We are required to disclose to you if we have any legal or disciplinary events involving the firm or our officers or principals that are material to your evaluation of our advisory services and the integrity of our management. As of the date of this brochure, we have no disciplinary or legal events required to be disclosed.

Item 10 Other Financial Industry Activities and Affiliations

As noted above in Item 4, JCR Capital also acts as the General Partner of the JCR Funds. A full list of all affiliations is available on our ADV Part I, Schedule D, Items 7.A and 7.B. Please see www.adviserinfo.sec.gov.

In General, no member of our management staff is registered as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the forgoing entities.

Special purpose entities

When appropriate to insulate the general assets of the JCR Funds against liabilities arising from particular investments, to minimize the tax liability of the JCR Funds or the Partners, or for other reasons, the JCR Funds may use special purpose entities to hold interests in JCR Fund investments.

Sponsors and Co-Investors

In some cases, JCR Capital will co-invest with experienced sponsors who identify specific opportunities, negotiate the deal terms and then actively manage the investments ("**Sponsors**"). For example, JCR has Partnered with sponsors such as Soundview Real Estate Partners ("Soundview") for several JCR Capital investments. Soundview is led by a former principal of Steinhardt Partners, which had invested with the Principals in two Eastern Realty Partnerships. Such Sponsors are not related persons of JCR Capital.

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

Code of Ethics

JCR Capital has adopted a code of ethics ("COE") pursuant to SEC Rule 204A-1. We will provide a copy of our COE to any client or prospective client upon request. Our COE recognizes that as an investment adviser to the JCR Funds, JCR Capital and its employees have a duty to place the interests of the JCR Funds ahead of their own, and an obligation to address and mitigate conflicts of interest or the appearance thereof. The COE sets out standards of conduct, both business and personal, for each employee and addresses conflicts of interest that may arise from personal trading of securities by employees and provides for disciplinary sanctions for COE violations. All employees must acknowledge the terms of the COE initially upon hire and annually.

JCR Capital's COE requires all employees to report securities holdings and transactions to the Chief Compliance Officer ("CCO") on a quarterly basis (a requirement which may be satisfied by providing the CCO with copies of personal brokerage statements). Although the risk is low, the COE places restrictions on all JCR Capital employees personal trading activities in order to mitigate any risk of insider trading as follows:

Participation or interest in client transactions

As the General Partner of the JCR Funds, JCR Capital will inherently sell and repurchase JCR Fund interests to or from Limited Partners and will own an interest in the JCR Funds. Principals and employees of JCR Capital may also own interests in JCR Funds. JCR Capital principals and employees are prohibited from participating in transactions in which JCR participates in connection with the JCR Funds, except as Limited Partners to such JCR Funds. JCR Capital is also prohibited from participating in an investment transaction with a Limited Partner of a JCR Fund (e.g. buying or selling real estate, writing a not or purchasing equity from a Limited Partner or affiliate thereof).

Item 12 Brokerage Practices

Based on the nature of the investment strategies we employ for the JCR Funds we advise, we generally do not make use of securities broker-dealers in the traditional sense to buy and sell portfolio investments on behalf of the Funds; rather most Fund investments are made through privately negotiated agreements. Nonetheless, in implementing transactions for a Fund, we take into account a range of relevant factors when hiring any third party service providers or other intermediaries, including placement agents, including: general expertise and background, stability or insolvency issues, efficiency in providing services, the type of the transaction involved and other similar factors.

JCR Capital does not receive research or have “soft-dollar” or “directed brokerage” arrangements with any broker-dealers or clients.

Item 13 Review of Accounts

We review JCR Fund accounts and portfolios at least quarterly. This review is carried out by the CCO/ internal controller and external accountants.

We provide JCR Fund investors with quarterly and annual reports summarizing the performance of portfolio investments over the period. We also provide financial statements and valuations in accordance with ASC 820 (formerly known as FASB Statement 157). JCR Fund assets are fair valued in accordance with JCR Capital’s Investment Valuation Policy.

Item 14 Client Referrals and Other Compensation

Referrals

When we are in the process of raising Capital Contributions for a new JCR Fund, we typically engage the services of a registered broker-dealer to serve as placement agent for Fund interests. We generally pay the placement agent a fixed fee plus a percentage of capital raised for the respective JCR Fund. The Funds never pay placement fees.

Item 15 Custody

We are deemed to have custody of JCR Funds’ assets because our controlling principals have access to client accounts. As permitted by Rule 206(4)-2 of the Advisers Act, we provide such JCR Fund investors (Limited Partners) with the respective JCR Fund’s annual audited financial statements within 120 days of the JCR Fund’s fiscal year end. An independent public accounting firm prepares the audited financial statements and the assets of the Funds (to the extent required) are held by Qualified Custodians, as applicable.

Item 16 Investment Discretion

JCR Capital generally receives and exercises complete discretionary authority to manage the JCR Fund investments. We typically assume this authority through a power of attorney or contract provision granted or entered into by, or through each JCR Fund’s respective offering documents or our investment advisory agreement.

Item 17 Voting Client Securities

JCR Capital’s investment strategy of investing in private debt and equity investments does not give rise to any situations that would involve voting proxies. Current and prospective investors may request a copy of our proxy voting policy by contacting us at the address and telephone number listed on the cover page above.

Item 18 Financial Information

As of the date of this Brochure, there exists no financial conditions that we are aware of that would be reasonably likely to impair our ability to meet our contractual commitments to clients.