

Casco Capital Management, LP

**FORM ADV PART 2A
FIRM BROCHURE**

9/25/2018

**111 Commercial Street
Suite 300
Portland, Maine 04101
United States of America
(207) 956-6036**

This Brochure provides information about the qualifications and business practices of Casco Capital Management, LP (“Casco”, the “Firm”, “we” or “us”). If you have any questions about the contents of this Brochure, please contact us at (207) 956-6036 or compliance@cascocapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

We may refer to ourselves as “registered investment advisers.” Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about us also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

In this Item, Casco is required to discuss any material changes that have been made to its Brochure since its last filing. Casco is now updating Part 2A to reflect the following material changes since its initial brochure filing on May 1, 2018:

- Cover Page - Casco's principal place of business is located at:

111 Commercial Street
Suite 300
Portland, Maine 04101
United States of America

- Item 4 - As of September 15, 2018, Casco's regulatory assets under management are \$105,087,134 and therefore, Casco is now deemed to be a "large advisory firm".

ITEM 3

TABLE OF CONTENTS

ITEM 1 - Cover Page.....	1
ITEM 2 – Material Changes.....	2
ITEM 3 - Table of contents.....	3
ITEM 4 - Advisory Business.....	5
ITEM 5 - Fees and Compensation.....	7
ITEM 6 - Performance-Based Fees and Side-By-Side Management.....	8
ITEM 7 - Types of Clients	9
ITEM 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	10
ITEM 9 - Disciplinary Information.....	29
ITEM 10 - Other Financial Industry Activities and Affiliations.....	30
ITEM 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	31
ITEM 12 - Brokerage Practices	33
ITEM 13 - Review of Accounts.....	34
ITEM 14 - Client Referrals and Other Compensation	35
ITEM 15 - Custody.....	36
ITEM 16 - Investment Discretion	37
ITEM 17 - Voting Client Securities	38
ITEM 18 - Financial Information.....	39

Casco may provide this Brochure to current or prospective investors in a private investment fund advised by Casco (a "Fund"), together with the Fund's private placement memorandum, organizational documents and other related documents (collectively, the "Fund Documents"), prior to, or in connection with, an investor's consideration or execution of an investment in a Fund. Casco, in its discretion, may subsequently provide the Brochure annually, or at the request of an investor in a Fund. Investors and other recipients should be aware that while this Brochure may include information about a Fund, it is not a complete discussion of the features, risks or conflicts associated with the Fund. Each Fund's Fund Documents contain more complete information about the Fund, and the Fund Documents may be provided to current and eligible prospective investors only by Casco or other authorized parties.

This Brochure is not and should not be deemed to be a general solicitation and does not constitute an offer to sell or a solicitation of an offer to buy any type of interest in any entity advised by Casco. This Brochure does not constitute, in any jurisdiction, a recommendation, inducement, invitation, offer, or solicitation for you to purchase or acquire any securities or assets, and no legal relationship is created by this Brochure.

This Brochure is not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed solely to provide information about Casco for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940 ("Advisers Act") and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in Fund Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any Fund Documents, the Fund Documents shall govern.

No offer or solicitation in the Fund(s) advised by Casco will be made before the delivery of the Fund Documents. Potential investors should read carefully a Fund's informational documents and legal agreements, and should consult with their tax, legal and financial advisors before making a decision with respect to an investment managed by Casco.

Advisory Business

Form ADV Part 2A, Item 4

Casco Capital Management, LP ("Casco", the "Firm", "we", "us" or "our"), was organized in July 2017 as a Delaware limited partnership. Casco seeks to provide both discretionary and non-discretionary advisory and asset management services to the funds and separate accounts it manages. Casco is principally owned by Casco GFO Partners 2018 LLC and Casco Fund Partners 2018 LLC.

Casco intends to offer investment advisory services primarily to institutional investors, family offices, endowments, pension plans and high net worth individuals through private investment funds including structured vehicles (each, a "Fund" and collectively, the "Funds") and separately managed accounts (the Funds and separately managed accounts are collectively referred to herein as the "Clients"). Our investment advice to our Clients focuses on (i) alternative asset investments including without limitation private equity, private debt, growth capital, real estate, and preferred equity in private and public companies; and (ii) investment and debt management activities in the form of senior debt, loans, subordinated and mezzanine debt financing, real estate financing, and unitranche structures .

Initially, we intend to make investments in two strategies: (i) the debt strategy, which involves investing in or making loans to owners and developers of various classes of real estate, whether directly or indirectly through special purpose or other vehicles managed by Sponsors (as defined in the private placement memorandum) and other third parties (the "Debt Strategy"); and (ii) the equity strategy, which involves making equity investments, directly or indirectly through joint venture entities managed by Sponsors or other third party sponsors, in one or more real estate properties (including to fund development and construction costs) (the "Equity Strategy"). The Debt Strategy may also include purchasing non-performing or under-performing loans, or interest therein, from other affiliated funds and/or parallel vehicles structured offshore and other client accounts. The General Partner, Casco Capital Partners 2017 GP, LLC, may cause a Fund to form one or more intermediate entities or other subsidiaries for the purpose of holding certain or all investments made within the Debt Strategy or the Equity Strategy, or both.

If from time to time, opportunities arise to co-invest with a Fund, the General Partner to the respective Fund may offer such co-investment opportunities to one or more Limited Partners and/or third parties in accordance with Casco's allocation policy in effect at that time. Casco's co-investment policy will provide that the General Partner is under no obligation to provide such opportunities to Limited Partners.

Casco manages assets for and markets primarily to "qualified purchasers" (as defined in the Investment Company Act of 1940 ("Investment Company Act")) and "accredited investors" (as defined in Regulation D under the Securities Act of 1933 ("Securities Act")).

Investment guidelines and constraints for each Fund managed by Casco are based upon the investment objectives and limitations of those Funds as stated in their Fund Documents. Casco will not tailor its investment management to the individualized needs of any Fund investor.

Separately managed accounts may be reasonably tailored to a Client's needs. Casco and the Client will work to determine appropriate investment objectives, policies and restrictions, including restrictions on investing in certain securities or types of securities, for each managed account. The terms negotiated between the Client and Casco (with respect to this and other terms including Management Fees (as defined below)) are typically memorialized in the form of a term sheet, investment management contract or written investment advisory agreement (each, an "Investment Management Agreement").

Certain Clients may enter into arrangements with Casco whereby Casco provides investment advice or portfolio advice to the Client but Casco does not exercise investment discretion. Casco's fee in such non-discretionary arrangements will likely be different than its fee for providing investment advisory services where it has full discretion.

As of September 15, 2018, Casco manages \$105,087,134 of Client assets on a discretionary basis and \$0 on a non-discretionary basis.

Fees and Compensation

Form ADV Part 2A, Item 5

We will typically be compensated for our services through the payment of base management fees that are expressed as a per annum percentage of the total aggregate cost basis (including transaction costs) of all investments held in a Fund during any portion of the applicable quarter capital committed to a Fund as well as a percentage of the unreturned capital contributions to the Fund thereafter ("Management Fees"). In some situations we may also be entitled to performance allocations or incentive distributions (see Item 6, below). In addition, fees associated with investments made by the Fund will be paid to the Fund. Any such transaction fees received by the Fund may be retained and (i) applied by the Fund to pay for certain out-of-pocket costs otherwise payable by the Fund and (ii) paid to Casco to pay certain direct employee expenses; provided, however, that such amounts shall not be used to compensate our Principals.

Management Fees for the Fund(s) are set forth in the Fund Documents, and as such are generally non-negotiable. The Management Fees are typically charged annually and payable quarterly in arrears beginning on the first business day of the first calendar quarter to begin after the Fund(s) closes. Fees may be deducted directly from the Fund's assets.

Management Fees for separately managed accounts may be negotiable. These fees may be charged quarterly in arrears, and investors may be billed for fees incurred. In certain circumstances, no management fee will be charged to a separately managed account or certain portions thereof may be waived at the sole discretion of Casco. In some situations we may be entitled to performance allocations (see Item 6, below). Casco may enter into a variety of different fee compensation structures for its non-discretionary services, which will generally vary substantially from its fee structure for providing advisory services where it has full discretion.

Other Fees and Expenses Associated with Advised Accounts or Funds. Casco's Clients and investors may bear certain other fees, expenses and costs (in addition to the Management Fees, payable to Casco) which are incidental or related to the maintenance of a Client account, the operation of Fund(s) or buying, selling and holding of investments. These fees may include, but are not limited to: (1) custodial charges; (2) equity or debt support fees; (3) fees for administrative services provided by third parties and/or affiliated entities; (4) commissions and other related transaction costs and expenses, such as deal fees, origination fees, and deferred sales charges; (5) governmental charges, taxes and duties; (6) transfer fees, registration fees and other expenses associated with buying, selling or holding investments, such as wire transfer and electronic fund fees; (7) withholding taxes payable and required to be withheld by issuers or their agents; (8) legal fees incurred in connection with the discharge of its investment management responsibilities; (9) travel and entertainment expenses; (10) expenses incurred with respect to investor communication and conferences (as applicable); (11) audit fees; (12) insurance expenses; and (13) fees associated with investments in pooled investment vehicles (the "Other Expenses").

In addition, the Funds will be subject to the fees and expenses of the Partnership investments. The fees and expenses may vary for each Partnership, but typically may include management fees, performance fees, and operating and administrative expenses associated with fund administration, legal, accounting, audit and annual tax preparation and filings.

Other Expenses are memorialized for Fund(s) in the Fund Documents.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Certain Clients will pay Casco both Management Fees and a performance allocation (distribution waterfall) in the form of a distribution or a carried interest catch-up and/or carried interest on net profits of the Fund or the Fund's investments, as established in the Fund's Limited Partnership Agreement. Performance distributions of this type may create an incentive for Casco to make investments that are more speculative than would be the case in the absence of performance-based compensation.

Casco charges performance-based fees in the form of a distribution only in accordance with Section 205(3) of the Advisers Act, or Rule 205-3 thereunder.

The nature and amount of compensation paid to Casco by a Client or an investor in a Fund may differ from that paid by other Clients or other Fund investors, even those investing in similar, competing or conflicting investments.

Casco faces a potential conflict of interest when (1) the actions taken on behalf of one Client may adversely impact another Client (e.g., because such Clients have the same or similar investment strategies and compete for investment opportunities or such Clients have conflicting investment strategies and one Client could gain an advantage investing in an opportunity or transaction ahead of another Client) and (2) Casco or its personnel have a pecuniary interest in Client accounts, such as earning a performance fee, because Casco may have an incentive to favor certain Clients over others with less lucrative fee structures. Such conflicts may present particular concern when, for example, Casco allocates securities transactions that Casco believes could more likely result in favorable performance, or executes potentially conflicting or competing investments.

Performance-based compensation arrangements in the form of a distribution or a carried interest catch-up and/or carried interest may also create an incentive for Casco to recommend investments that are more risky or speculative than those that would be recommended under a different arrangement. Additionally, under a performance-based allocation (incentive distribution) structure, Casco may benefit when capital gains are recognized and, because it determines when an investment is sold, Casco could possibly control the timing of the recognition of such capital gains. Casco or its affiliates, or their respective principals or personnel, may also own a portion of the Fund(s) managed by Casco. This may create a similar performance-based incentive to that mentioned above.

To mitigate these conflicts, Casco's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to Clients and investors, without consideration of Casco's (or Casco's personnel's) other interests.

Types of Clients

Form ADV Part 2A, Item 7

Casco will primarily provide investment advisory services to private funds, special purpose or single investor funds, and separate accounts. Casco will manage assets for and market its private funds and separate accounts, either directly or through the use of third party marketers, consultants or distributors, primarily to persons who are "qualified purchasers" (as defined in the Investment Company Act) and "accredited investors" (as defined in Regulation D under the Securities Act).

Investors in Clients may be, but are not limited to, institutional investors (including public and private pension funds), family offices, trusts, estates, foundations, endowments and other charitable organizations, corporations and high net worth individuals.

The minimum Fund investment is \$1,000,000 but Casco, at its sole discretion, may accept lower investment amounts. Separate accounts will generally be in excess of \$1 million.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Casco seeks to provide investment advisory services that are customized to each Client's investment objectives, time horizon and risk tolerances as set forth in the respective Fund Documents or Investment Management Agreement. Casco's investment partners have many years of financial services and investment experience during which they have developed significant, hands-on expertise in sourcing and executing investments across a spectrum of real estate asset classes, capital structures and geographies.

For separately managed accounts, we work with Clients to develop an investment strategy by considering a Client's financial condition, financial and investment objectives, income and liquidity needs, desire and need for principal protection, risk tolerance and tax sensitivities. Separately managed account investments are based on individual beneficial owners' needs and will generally focus on investments in alternative assets. Our mandates for separately managed accounts will typically be broad in scope and may vary widely from other Clients we advise.

Casco's initial investment strategy will focus on making sound investments in real estate and real estate backed or related assets with an eye to capital preservation ahead of achieving outsized profits. Capital preservation are the Fund's watchwords, with the achievement of a favorable risk adjusted return always being viewed through the lens of potential capital impairment. This focus reduces downside risk while potentially producing higher prospective returns. Casco aims to further reduce risk by selling and repurchasing participation interests in certain loans contained within the Debt Strategy, therefore creating optionality to potentially maximize each investment's return. The Fund's investment thesis creates value by investing in debt and equity backed by, or related to, real estate and real estate linked assets across a wide variety of markets and product types. The tenets of the Fund's investment approach are: integrity, diligence, conservatism and simplicity of structure. Casco's investment strategy will focus on opportunistically deploying capital where targeted returns can be generated, rather than being limited to investing in a particular area as returns compress.

Casco Fund's portfolio of investments will span a wide range of real estate product types and will run a range of very small to medium debt and equity investments. Casco will always remain flexible to shifting market currents and opportunities for attractive risk-adjust returns as they arise, but based on present market conditions it is likely that the Fund's investments will have some of the following characteristics:

Classes of Real Estate Product: Different classes of real estate product will be invested in throughout the active life of the Fund. In particular, Casco envisions placing capital into multi-family real estate in order to take advantage of strong rental demand and the inflation protection provided by this asset class. Casco will also likely make some investments in commercial real estate (to include, but not limited to, retail, industrial and office product) as opportunities in growth markets present themselves.

Equity Investments: Casco envisions equity investments making up a minority of the Fund portfolio's mix. These investments will primarily be made with sponsors who have proven track records and are personally known to Casco. It is likely that the majority of Casco's equity investments will be made in the United States, with a focus on secondary and tertiary markets with strong underlying economic growth, millennial inflow and pent up demand.

Debt Investments: Debt investments will likely make up a majority of the Fund's portfolio in order to provide capital preservation and provide more predictable cash flows than the equity investments. Casco will focus its attention on securing first mortgage (senior) loans through a network of successful and well-known loan sponsors with whom Casco's investment partners have standing relationships and records of success, as well as making loans with new and suitable groups as they are identified. When deemed appropriate, Casco will consider making mezzanine (junior) loans on various real estate or real estate backed assets, though this is unlikely to represent a large portion of the debt portfolio in the Fund.

Debt Strategy

Commercial real estate (“CRE”) loans are made to entities of all sizes and types to fund the acquisition, (re)development or construction of commercial real estate properties such as office buildings, hotels, retail centers and apartments, among other property types. A variety of lenders participate in this \$3.8 trillion CRE loan market, including local and regional banks, savings institutions/credit unions, major financial service organizations, real estate investment trusts (REITs), specialty finance companies and alternative investment firms. Once originated, these loans are held in whole loan form on lender balance sheets or packaged into securitization trusts that are then divided into tranches and sold on the secondary market in the form of commercial mortgage backed securities (CMBS). Consequently, the holders of CRE loans can vary greatly depending upon the history of any individual loan. Over the last 25 years, the CRE loan market has grown steadily and has surpassed its pre-crisis peak.

Of the broader CRE loan market, an opportunity set of approximately \$25 billion exists, comprised of opportunities linked to whole loans and CMBS debt secured by commercial real estate properties as well as those related to REO assets. Regardless of the strength of the economy at a macro level, a certain level of distress is inherent to the asset class due to microeconomic shocks, property or borrower-related issues and miscalculations in loan underwriting at origination. As certain property owners find that they are unable to access traditional lending avenues to refinance existing obligations, CRE loan opportunities continue to arise. A slowly rising interest rate environment furthermore exacerbates this situation, putting pressure on the underlying borrower and creating forced sellers. The CRE loan market offers attractive investment opportunities not only because of its size, but also because the lower end of the market, sub-\$50 million unpaid principle balance (UPB) loans, tends to be less-trafficked by institutional investors. The forced selling combined with the lack of capital focused on this segment sets up an interesting investment opportunity due to the relatively small size of individual loans compared to the investment footprint of the larger CRE-focused investment vehicles.

Equity Strategy

The Fund's equity strategy will focus on downside risk protection with an eye to providing returns that will enhance the contribution of the portfolio's debt strategy. At present, Casco sees continued opportunity in the multi-family housing sector, largely in secondary and tertiary urban markets across the US that have not yet experienced the levels of attention garnered by the “Gateway Cities” (e.g. New York, San Francisco). Casco also notes that there are pockets of commercial real estate where attractive equity opportunities persist due to strong demand for in-town commercial properties. By focusing on smaller opportunities in growth markets where capital is more difficult to secure, Casco will look to invest in smaller developers who will be servicing the needs of these smaller, growing markets and are possessed of commodities such as local knowledge and nimbleness. The broad and solid base of providers for small and mid-size multi-family and commercial real estate across America is where the Fund expects to continue to find attractive opportunities.

Casco's investment partners have established many relationships with small and mid-sized developers and sponsors, as well as commercial brokers and lenders. Casco's ability quickly to underwrite and analyze opportunities will allow the Fund to have access to a wide range of opportunities, particularly when other avenues of financing for smaller sponsors falls through late in the development or acquisition phase of a project.

Sourcing Investments

Casco has developed a network of operating partners (collectively, “Sponsors”) located throughout the United States and internationally that have extensive knowledge of their local real estate markets and trends. These Sponsors are typically developers and other mid-sized to small real estate professionals. After having spent decades in the real estate business across the United States, Casco's investment partners have built up a number of relationships with quality sponsors that provides a large and steady pipeline of potential opportunities across America. With Casco's ability quickly to underwrite and decide to either pursue or pass on opportunities, the investment partners' reputations as reliable and knowledgeable capital partners often makes them the first point of contact for many of their relationships when complex or special situations arise, giving the Fund access to off-market opportunities that generally go unadvertised and are not otherwise available to retail investors.

In many cases, Casco will utilize a series of joint venture (JV) asset-operating partnerships ("Sponsor JVs") with Sponsors relating to a single asset or multiple assets that enable detailed execution across the underlying sub-strategies. Casco's unique operating partnership model is structured to ensure alignment of interest, with Sponsors focused on managing the daily details of the investments regarding asset and property management, insurance, payments, paperwork and debtor interaction, with Casco maintaining control over all economic and strategic decisions.

Casco will employ multiple, distinct sourcing techniques in its Debt Strategy and Equity Strategy. The strength of its relationships with and management of Sponsors is an important component of Casco's differentiated sourcing capabilities. To aid in fostering the Sponsor relationships as well as building out new ones, Casco has developed a business development function with dedicated resources focused on maintaining relationships with Sponsors. The investment partners' careers and reputations in real estate have established them as credible sources of sophisticated and expedient capital for Sponsors across the debt and equity spectra. By maintaining a large network of brokerage, financial, family office, and real estate professional partners and contacts, the investment partners expect to receive multiple unsolicited offers on a near daily basis, from which ample deal flow will be generated. Market visits, roadshows, and soft marketing of the Fund's desire to deploy capital in key markets will enhance Casco's already considerable ability to source ample deal flow.

Loan Arbitrage

In order to improve lending returns and free up additional capital for lending activities, many of our debt sponsors may take advantage of loan participations and/or lines of credit with community and regional banks. These loan participations are garnered a la carte and allow a commercial lender to participate in the sponsor's loan along with the Fund. The commercial lender will take a position senior to the Fund and generally charges little to no fees in order to participate in the loan. The commercial lender then typically provides ~50% of the loan's principal balance, allowing for a leveraging of the returns to the loan's original investors who profit from the spread between the commercial lender's rate and the loan's coupon rate. These participations generally involve no prepayment penalty.

In some cases, the debt sponsors will use lines of credit to synthesize the effect of a commercial lender participating in a loan. The debt sponsors use lines of credit because they are generally more efficient than negotiating individual participations and free up labor to be put to more productive uses, such as generating additional lending opportunities. In cases of loan default, the commercial lender who extends the line of credit will often seek to be made whole immediately rather than participating in the default interest the defaulted notes generate. In such cases, the Fund, with or without other limited partners in the loan, may opt to retire the line of credit for terms superior to those enjoyed by the line of credit but not as rich as those earned on the underlying note. This has the effect of preserving the individual note and the Fund's investment in it, providing the Fund with an enhanced position vis a vis the enjoyment of default interest, and preserving any cross-collateralized properties, and buttressing Casco's debt sponsors, further enhancing their credibility in the marketplace and Casco's ability to be a preferred capital source for future lending opportunities.

Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. While Casco seeks to mitigate risks so that they are appropriate to the return potential for the strategy or Client, it is usually not possible or desirable to fully mitigate risks. Clients and Investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Our services are not intended to provide a complete investment program for investors. Casco expects that the assets it manages do not represent all of a Client's or Investor's managed assets. Clients and Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

Specific risks applicable to a particular Client are enumerated in the Fund Documents or the Investment Management Agreements or related documents with respect to each Client. The investments we manage entail the following general risks, some or all of which may be applicable to any particular Client depending on the asset classes involved and investment guidelines of such Client:

Partnership Risks

Newly Formed Entity. The Partnership is a newly formed entity and has no prior operating history. The past performance of any investments or investment funds managed by Casco or its investment partners cannot be construed as any indication of the future results of an investment in the Partnership. The Partnership's investment program should be evaluated on the basis that there can be no assurance that any of Casco's strategies will be executed in whole or in part, or that the Partnership will achieve its investment objective.

Lack of Management Rights. The Limited Partners will have no opportunity to control the day to day operation, including investment and disposition decisions, of the Partnership. The Limited Partners will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by Casco in its selection of investments and will not receive the detailed financial information regarding investments that is available to Casco. The voting rights of certain large investors may be limited in order to comply with Regulation D offering requirements.

Reliance on the Investment Partners. The success of the Partnership is substantially dependent on Casco and its investment partners. Should any of these individuals become incapacitated or in some other way cease to participate in the activities of Casco, the Partnership's performance could be adversely affected. The investment partners intend to devote sufficient time to the Partnership so it can carry out its proposed activities.

Restrictions on Transfers; No Withdrawal. Interests in a Fund may not be transferable except with the consent of the General Partner. Limited Partners may not withdraw capital from the Partnership. Distributions are made in the discretion of the General Partner subject to the requirements of the Partnership Agreement. The General Partner does not expect to make any substantial distributions during the Investment Period. The interests will not be registered for public sale under the Securities Act, and the Partnership has no present intention of registering such interests in the future. The interests may not be resold, transferred or otherwise disposed of by Limited Partners in the absence of an effective registration statement, or the availability of an exemption from registration, under the Securities Act and the securities laws of other relevant jurisdictions.

Consequences of Default. In the event that a Limited Partner fails to fund any of its capital commitment when required, the Limited Partner's interest in the Partnership and its investments will be reduced, and the Limited Partner can be subject to a variety of penalties and consequences specified in the Partnership Agreement applied in the General Partner's discretion, including a partial forfeiture, severe limitations on distributions and a loss of voting and investment rights.

Disproportionate Allocation of Profits. The General Partner may receive substantial sums from the Partnership by reason of the allocation of 12.5% of the Partnership's net profits to the General Partner. The General Partner's allocation of profits is not proportionate to the General Partner's capital contribution to the Partnership and may create an incentive for the General Partner to make investments that are riskier or more speculative than would be the case in the absence of such a provision.

Repayment of Certain Distributions. In the event the Partnership is unable otherwise to meet its obligations, the Limited Partners may be required to repay to the Partnership or to pay to creditors of the Partnership distributions previously received by them. In addition, Limited Partners may be required to pay to the Partnership amounts that are required to be withheld by the Partnership for tax purposes.

Limitations on Actions and Indemnification. The Partnership Agreement and Investment Management Agreement between the Partnership and Casco will limit the circumstances under which the General Partner and Casco can be held liable to the Partnership. As a result, the investors may have a more limited right of action in certain cases than they would in absence of such a limitation. In addition, the Partnership will be required to indemnify Casco and certain affiliated persons and entities of Casco and members of the Advisory Committee for liabilities incurred in connection with the affairs of the Partnership, absent fraud, willful misconduct, gross negligence or violation of law that has a material adverse effect on the Partnership. In the case of "gross negligence," this standard of care has been held in some jurisdictions to involve conduct that is closer to willful

misconduct. Further, members of the Advisory Committee are held only to a duty of good faith, and generally will be considered to have acted in good faith even if considering only the interests of the investor or other person on whose behalf the Advisory Committee member is serving. As a result of these considerations, the application of the foregoing standards can result in the Partnership bearing significant financial losses even where such losses were caused by the negligence (even if heightened) of such covered persons. Such liabilities may be material and have an adverse effect on the returns to the Limited Partners.

Registration. While Casco will be registered as an investment adviser under the Investment Advisers Act of 1940, as amended, the Partnership is not registered as an investment company under the Investment Company Act of 1940, as amended, and is not subject to protections afforded to investors in registered investment companies.

Cyber Security Breaches and Identity Theft. Casco's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Casco has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Casco and the Partnership may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in Casco's or the Partnership's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Casco's and the Partnership's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Concentration of Investments. The Partnership's portfolio may contain relatively large investments and any single loss may have a significant adverse impact on the Partnership's capital. In addition, there is no restriction requiring diversification by industry or region, although Casco's multi-strategy approach diminishes this risk.

Investment Program Risks

Difficulty of Locating Suitable Investments. The activity of identifying, completing and realizing attractive investments has from time to time been highly competitive, and involves a high degree of uncertainty. The Partnership will be competing for investments with many other investors, including, traditional lenders, financial, private equity firms, hedge funds and other institutional investors. There can be no assurance that the Partnership will be able to locate, complete and exit investments which satisfy the Partnership's rate of return objective or realize upon their values or that it will be able to fully invest its available capital. An investor should be aware that it may lose all or part of its investment in the Partnership.

Asset Servicers; Joint Venture Arrangements. The Partnership will enter into arrangements with Sponsors and industry specialized management or advisory teams to acquire, manage and dispose of certain assets, which can include fixed payments or profit-sharing arrangements with such persons, thus impacting the returns to the Partnership. The failure on the part of Casco to select the right Sponsors, management or advisory team for an asset class or to establish a governance and compensation structure that provides for the appropriate balance of economic incentives to the team and oversight by Casco, or to provide servicing with respect to certain assets (including securitizations) on its own, would have a material adverse effect on the Partnership's investment in such asset class.

The Partnership is expected to co-invest with third parties (including in certain instances Limited Partners or entities formed for them) through joint ventures or other entities. There are risks in connection with such third party involvement, including the possibility that a third-party co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Partnership, or may be in a position to take (or block) action in a manner contrary to the Partnership's investment objectives. In addition, the Partnership may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve a

management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements, regardless of the investment results of the Partnership as a whole.

Sponsor Relationships. A large portion of the Partnership's investments will be sourced through Casco's network of Sponsors. There can be no assurance that the Sponsors will continue to source investments for the Partnership or that the quality of investments sourced by the Sponsors will be consistent with prior investments.

Market Conditions and Nature of Investment. Investment in the Partnership requires a long term commitment, with no certainty of return. The Partnership may invest in companies or assets that are experiencing or are expected to experience severe financial difficulties which may never be overcome. Since the Partnership is permitted to make a limited number of investments, and many of the Partnership's investments are expected to involve a high degree of risk, poor performance by a few of the investments can have a significant negative impact on the Partnership's performance. The Partnership's strategy is based, in part, upon the premise that investments will be available for purchase by the Partnership at prices which Casco considers favorable. Further, the Partnership's strategy relies, in part, upon local market conditions during the term of the Partnership, and in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, upon more favorable market conditions existing prior to the end of the term of the Partnership. No assurance can be given that Partnership investments can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of Casco.

Projections. The Partnership will make investments relying upon projections developed by Casco or a Sponsor concerning future performance of the relevant assets and cash flow. Projections are inherently uncertain and subject to factors beyond the control of Casco and the portfolio investment in question. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of unforeseen events could impair the ability of the Partnership to realize projected values or cash flow.

Unspecified Investments. The Partnership has not identified the particular investments it will make or mandatory allocations among its strategies. Accordingly, an investor must rely upon the ability of the General Partner in making investments consistent with the Partnership's investment objectives and policies. Although the Investment Partners have been successful in locating investments in the past, the Partnership may be unable to find a sufficient number of attractive opportunities to invest its committed capital or meet its investment objectives.

Debt Securities. Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Debt securities generally involve less market risk than stocks. However, the risk of debt securities can vary significantly depending upon factors such as the issuer, maturity and the availability of collateral. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The debt securities of some companies may be riskier than the stocks of others.

Interest Rate Fluctuations. The prices of fixed-income and other portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of positions to move in directions which were not initially anticipated. For example, as interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. In addition, interest rate increases generally will increase the interest carrying costs to the Partnership.

High Yield Securities. The Partnership may invest in "high-yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities.) Securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated

securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Investments in Undervalued and Distressed Assets. The Partnership may invest in undervalued and distressed assets, including loans to borrowers that have a history of defaulting on monetary obligations. The identification of investment opportunities in such assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued or distressed assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Partnership's undervalued investments may not adequately compensate investors for the business and financial risks assumed. The Partnership may incur a substantial loss if the assets which Casco believes are undervalued are not in fact undervalued and may be forced to sell such assets at a substantial loss. In addition, the Partnership may be required to hold such assets for a substantial period of time before realizing their anticipated value. Once purchased, these assets sometimes require additional ongoing maintenance capital from the Partnership. During this period, a portion of the Partnership's funds would be committed to the assets purchased, thus possibly preventing the Partnership from investing in other opportunities. There can be no assurances that work-outs, reorganizations or exits with respect to any distressed or undervalued assets would be successful. The Partnership expects to cause underlying Sponsor JVs and other portfolio companies and investment entities to incur indebtedness in connection with such asset acquisitions, which debt would typically be secured by the assets so acquired and nonrecourse to the Partnership. The industries in which the Partnership invests may be subject to extensive rules and regulations limiting the Partnership's rights or otherwise impacting its risk profile. The Partnership may enter into arrangements with Sponsors and industry specialized management or advisory teams to acquire, manage and dispose of these assets, which are expected to include fixed payments or profit-sharing arrangements with such persons, thus impacting the returns to the Partnership. The failure on the part of Casco to select the right Sponsors, management or advisory teams for an asset class and to establish a governance and compensation structure that provides for the appropriate balance of economic incentives to the team and oversight by Casco, or to provide servicing with respect to certain securitized vehicles and assets on its own, would have a material adverse effect on the Partnership's investments in such asset class.

Distressed Securities. The Partnership will purchase, directly or indirectly, securities and other obligations of real estate owning entities that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the debt can be refinanced or foreclosure proceedings can be complete, and as a result may have to be held for an extended period of time. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a foreclosure proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of Casco to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the foreclosure proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in real estate owning entities experiencing significant business and financial distress is unusually high. There is no assurance that Casco will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful investment. In any foreclosure proceeding or other legal proceeding relating to the real estate owning entity in which the Partnership invests, the Partnership may lose its entire investment or may be required to accept cash or securities with a value less than the Partnership's original investment.

Defaulted Securities. The Partnership may invest in the securities of, and trade claims against, real estate owning entities involved in bankruptcy proceedings, reorganizations and financial restructurings and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject the Partnership to litigation risks or prevent the Partnership from disposing of securities. In a bankruptcy or other proceeding, the Partnership as a creditor may be unable to enforce its rights in any collateral or may have its security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors. While the Partnership will attempt to avoid taking the types of actions that would lead to equitable subordination (as discussed below) or creditor liability, there can be no assurance that such claims will not be asserted or that the Partnership will be able to successfully defend against them. Because other investors may purchase the securities of these companies for the purpose of exercising control or management, the Partnership may be at a disadvantage to the extent that the Partnership's interests differ from the interests of these other investors.

Trade and Other General Unsecured Claims. The Partnership may acquire interests in claims of trade creditors and other general unsecured claim holders of a debtor ("trade claims"). Trade claims generally include, but are not limited to, claims of suppliers for goods delivered and not paid, claims for unpaid services rendered, claims for contract rejections and claims related to litigation. Trade claims are typically unsecured and may, in unusual circumstances, be subordinated to other unsecured obligations of the debtor. The repayment of trade claims is subject to significant uncertainties, including potential set-off by the debtor as well as the other uncertainties described herein with respect to other distressed securities. A trade claim may be transferred or assigned before or after a foreclosure proceeding or petition in bankruptcy is filed, including after a proof of claim has been filed. The Partnership's investments in trade claims and high risk receivables may also entail special risks including, but not limited to, fraud on the part of the assignor of the trade claim as well as logistical and mechanical issues which may affect the ability of the Partnership or its agent to collect the claim in whole or in part.

Investment in Loans Generally. The Partnership will invest in debt instruments secured by real estate or corporate debt in companies when the primary value is related to real estate. Investing in loans entails the following risks:

- **General Credit Risks.** The Partnership may be exposed to losses resulting from default and foreclosure. The value of the underlying collateral, if any, the creditworthiness of the borrower and the priority of the lien are each of great importance (although the Partnership may invest in subordinate or second priority liens). There is no assurance that the Partnership will correctly evaluate the value of the assets collateralizing the loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Partnership has invested, the Partnership may lose all or part of the amounts advanced to the borrower. The Partnership cannot guarantee the adequacy of the protection of the Partnership's interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Partnership cannot assure that claims may not be asserted that might interfere with enforcement of the Partnership's rights. In the event of a foreclosure, the Partnership or an affiliate of the Partnership may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Partnership. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.
- **Lower Credit Quality Loans.** There are no restrictions on the credit quality of loans in which the Partnership can invest. Loans made or purchased by the Partnership are expected to have substantial vulnerability to default in payment of interest or principal. Certain loans which the Partnership may fund have large uncertainties or major risk exposures to adverse conditions, and may be considered to be predominantly speculative. Generally, such loans offer a higher return potential than better quality loans, but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.

- **Equitable Subordination.** Loans to companies operating in workout modes or under Chapter 11 of the Bankruptcy Code are, in certain circumstances, subject to certain potential liabilities which may exceed the amount of the Partnership's loan. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions.
- **Liquidity.** Loans and interests in loans have significant liquidity risks and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly-traded securities.
- **Special Risks.** Special risks associated with investments in bank loans and participations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so-called lender-liability claims by the issuer of the obligations, (iii) environmental and other liabilities that may arise with respect to collateral securing the obligations, and (iv) limitations on the ability of the Partnership to directly enforce its rights with respect to participations. Successful claims by third parties arising from these and other risks, absent bad faith, will be borne by the Partnership.

Non-performing Loans ("NPLs"). The Partnership's investments will include investments in non-performing and sub-performing loans which may involve workout negotiations, restructuring and the possibility of foreclosure. These processes can be lengthy and expensive. In addition, the Partnership's investments are expected to include securities and debt obligations of financially distressed issuers, including companies involved in bankruptcy or other foreclosure, reorganization and liquidation proceedings. As a result, the Partnership's investments may be subject to additional bankruptcy related risks, and returns on such investments may not be realized for a considerable period of time.

NPL Underwriting. Many of the NPLs will have been underwritten to "subprime," "Alternative A-Paper" or "expanded" underwriting guidelines. These underwriting guidelines are different from and, in certain respects, less stringent than the other general underwriting standards employed by originators. For example, these loans may have been originated to borrowers that have poor credit or that provide limited or no documentation in connection with the underwriting of the mortgage loan. Such loans present increased risk standards of delinquency, foreclosure, bankruptcy and loss than prime mortgage loans. An originator generally originates mortgage loans in accordance with underwriting guidelines it has established and, in certain cases, based on exceptions to those guidelines. These guidelines may not identify or appropriately assess the risk that the interest and principal payments due on a mortgage loan will be repaid when due, or at all, or whether the value of the mortgaged property will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to an originator's underwriting guidelines in originating an NPL, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting guidelines may not in fact compensate for any additional risk. NPLs may be secured by investor or commercial properties which would not be used as the borrower's primary residence or second home. Because the borrower is not living on the property, the borrower may be more likely to default on the mortgage loan than on a comparable mortgage loan secured by a primary residence, or to a lesser extent, a second home.

NPL Modifications. Part of the Partnership's strategy in acquiring NPLs or in making loans that become NPLs may involve making NPL modifications to reduce delinquencies and the risk of borrower default and, ultimately, to maximize the value of the NPL. Modifications may include permanently or temporarily reducing or otherwise changing the mortgage interest rate, forgiving payments of principal or interest, extending the final maturity date, capitalizing or deferring delinquent interest and other amounts owed under the mortgage loans, deferring principal payments with or without interest, or any combination of these or other modifications. These modifications may

reduce the value of the NPL. The Partnership's ability to modify NPLs may be limited due to the difficulty in contacting at-risk borrowers or creating modifications acceptable to affected borrowers.

NPL Refinancing. The Partnership may seek to refinance an NPL to realize the greater value from such a loan. However, there may be impediments to executing a refinancing strategy for NPLs. For example, many mortgage lenders have adjusted their loan programs and underwriting standards to be more conservative, which has reduced the availability of mortgage credit to prospective borrowers. This has resulted in reduced availability of financing alternatives for borrowers seeking to refinance their mortgage loans. The decline in housing and other real estate asset class prices may also result in higher loan-to-value ratios and leave borrowers with insufficient equity in their homes to permit them to refinance. To the extent prevailing mortgage interest rates rise from their current low levels, these risks would be exacerbated. The effect of the above would likely serve to make refinancing of NPLs potentially more difficult and less profitable for the Partnership.

Lender Liability Considerations and Equitable Subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. While believed to be unlikely, because of the nature of certain of the Partnership investments, the Partnership could be subject to allegations of lender liability. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Because of the nature of certain of the Partnership's investments, the Partnership could be subject to claims from creditors of an obligor that Partnership's investments issued by such obligor that are held by the Partnership should be equitably subordinated. The Partnership may make investments in which it would not be the lead creditor. Accordingly, it is possible that lender liability or equitable subordination claims affecting the Partnership investments could arise without the direct involvement of the Partnership.

Risks Associated with Bankruptcy Cases. The Partnership's investment and lending activities, particularly involving companies in distressed situations, may result in becoming involved as a creditor in bankruptcy cases. In addition, the Partnership may purchase securities or assets of, or claims against, companies in bankruptcy.

- Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Partnership.
- Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Partnership; it is subject to unpredictable and lengthy delays; and during the process the company's or its owned real estate assets' competitive position may erode, key management may depart and the company may not be able to reorganize and may be required to liquidate assets.
- The debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during the reorganization and may be adversely affected by an erosion of the issuer's fundamental value. Such investments can result in a total loss of principal.

- U.S. bankruptcy law permits the classification of “substantially similar” claims in determining the classification of claims in a reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Partnership’s influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority over the claims of certain creditors (for example, claims for taxes) may be quite high.
- There are instances where creditors and equity holders lose their ranking and priority such as when they take over management and functional operating control of a debtor. In those cases where the Partnership, by virtue of such action, is found to exercise “domination and control” of a debtor, the Partnership may lose its priority if the debtor can demonstrate that it was adversely impacted or other creditors and equity holders were harmed by the Partnership.
- Commercial bankruptcy laws in Europe are slowly evolving into a system more akin to the Chapter 11 process in the United States, supporting potential financial restructurings rather than effective liquidations. U.S. insolvency procedures have historically been, and remain, on average more debtor orientated. The reverse is true for the United Kingdom and many other European jurisdictions where secured creditors have historically had extensive powers to protect their own rights, frequently overriding the interests of other creditors and the debtor.
- Changes in bankruptcy or other applicable laws may have a material adverse effect on the Partnership.

The Partnership may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchases may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Ability to Purchase Loans on Advantageous Terms; Competition and Supply. The Partnership’s success will depend, in part, on the ability of the Partnership or its affiliates to source and purchase or make loans on advantageous terms. In sourcing and purchasing or making loans, the Partnership or its affiliates compete with a broad spectrum of lenders, many of which have substantially greater financial resources and are more well-known than the Partnership. Additionally, traditional lenders may offer loans with fees and interest rates that are lower than those offered by the Partnership. Increased competition for, or a diminishment in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

Loan Participations and Assignments. The Partnership may invest in fixed- and floating-rate loans, which investments may be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. Participations in loans will typically be secured by interests in real estate. When purchasing loan participations, the Partnership assumes the credit risk associated with the borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which the Partnership invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution’s interests with respect to the loan may involve additional risks to the Partnership. For example, if a loan is foreclosed, the Partnership could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, the Partnership could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, the Partnership relies on Casco’s research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Partnership.

Investments through Sponsor JVs. In many cases, the Partnership will invest in or make a loan to a real estate owning entity indirectly through a Sponsor JV or other vehicle and the Partnership may not be directly involved in the loan origination process. Accordingly, there may be defects in the loan origination process or documents evidencing a loan or investment may not be enforceable under applicable law due to the actions or omissions of Sponsors or other third-parties, which could invalidate certain of the borrower's obligations and lender's rights and remedies, and render any security interests indirectly granted to the Partnership invalid. Additionally, in cases where the Partnership holds its interest in a loan or investment indirectly through a Sponsor JV or other vehicle, the ability of the Partnership to control the Sponsor JV or other vehicle, to make decisions with respect to enforcement of remedies and to enforce its rights in and to any collateral may be limited. Conflicts of interest may exist where a Sponsor or the manager of a different investment vehicle through which the Partnership makes a loan or invests have a prior relationship with the underlying borrower or property owner. Accordingly, since the Sponsor or manager will typically control the Sponsor JV or investment vehicle, the Partnership's ability to enforce remedies available under the loan or investment documents may be limited or delayed.

Investments in Real Estate. An investment in the Partnership is subject to certain risks associated with the ownership of real estate and the real estate industry in general, including: the burdens of ownership of real property; local, national and international economic conditions; the supply and demand for properties; the financial condition of tenants, buyers and sellers of properties; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal and monetary policies; environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in real property tax rates; changes in energy prices; negative developments in the economy; uninsured casualties; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the Partnership and Casco. In addition, as recent experience has demonstrated, real estate assets are subject to long-term cyclical trends that give rise to significant volatility in values.

Many of these factors could cause fluctuations in occupancy rates, rent schedules or operating expenses, causing the value of the Partnership's investments to decline and negatively affect the Partnership's returns. The value of the Partnership's investments may fluctuate significantly due to these factors and may be significantly diminished in the event of a sudden downward market for real estate and real estate-related assets. The returns available from investments depend on the amount of income earned and capital appreciation generated by the relevant underlying properties, as well as expenses incurred in connection therewith. If properties do not generate income sufficient to meet operating expenses, including amounts owed under any third-party borrowings and capital expenditures, the Partnership's returns will be adversely affected. In addition, the cost of complying with governmental laws and regulations and the cost and availability of third-party borrowings may also affect the market value of and returns from the investments. The Partnership's returns would be adversely affected if a significant number of tenants were unable to pay rent or if properties could not be rented on favorable terms. Certain significant fixed expenditures associated with purchasing properties (such as third-party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from properties. Additionally, real estate related investments can entail the following risks:

- **Repositioning Risks.** The Partnership may seek to redevelop or reposition certain real estate properties. Such redevelopment or repositioning carries a number of attendant risks, including the possibility that costs incurred in connection with the initial development may not be recovered. In addition, it may be that suitable tenants will not be found for repositioned properties, which could lead to the Partnership owning vacant properties producing insufficient income to meet expenses or provide a suitable return to the Partnership. Other risks associated with redevelopment or repositioning include the risk that delays in the construction timetable result in a property not reaching a stage where it is reasonably fit for occupancy. Similarly, there may be planning risks arising from difficulties in obtaining planning consents and licenses which delay the construction timetable of a redevelopment or repositioning timetable.
- **Risks of Acquiring Real Estate Loans and Participation.** Real estate loans acquired or made by the Partnership can be at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans will require a substantial amount of

workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of the real estate loan, replacement "take-out" financing will not be available. Purchases of participations in real estate loans may involve many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that Casco may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by or on behalf of the Partnership. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting several claims, counterclaims and defenses against the holder of a real estate loan, including, without limitation, lender liability claims and defenses, even when such assertions have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take several years to conclude. At any time during the foreclosure proceedings, the borrower may file for protection under bankruptcy or other similar law, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation may also create a negative public image of the collateral property and may disrupt ongoing leasing and management of the property.

- **Investments in New Development.** The Partnership may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which are often non-income producing. To the extent that the Partnership invests in such assets, it will be subject to the risks normally associated with such assets and development activities. The risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals and entitlements, the cost and timely completion of construction (including risks beyond the control of the Partnership, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Partnership. Properties under development or properties acquired to be developed may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion.

- **Availability of Insurance against Certain Catastrophic Losses.** Certain losses of a catastrophic nature, such as wars, earthquakes, floods, environmental contamination, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming more difficult and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, the Partnership could lose both invested capital in and anticipated profits from the affected investments.

- **Environmental Liabilities.** The Partnership may be exposed to substantial risk of loss from environmental claims arising in respect of direct investments made in real estate with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, including being liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of the Partnership to such liabilities. The presence of such hazardous or toxic substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral and may have a significant adverse effect on the value and returns from such property.

- **Harmful Mold and Other Air Quality Issues.** 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 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 Partnership's properties could require the Partnership to undertake 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 the Partnership to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

- **Americans with Disabilities Act.** Certain U.S. properties of the type to be acquired by the Partnership must comply with Title III of the Americans with Disabilities Act (the "ADA") to the extent that the properties are "public accommodations" or "commercial facilities" as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of the properties where such removal is readily achievable. However, noncompliance with the ADA could result in substantial capital expenditures to remove structural barriers, as well as the imposition of fines or an award of damages to private litigants which might adversely affect the Partnership's ability to make distributions to Limited Partners. Similar protective legislation can apply with respect to real estate holdings in Europe and Latin America, and can affect the Partnership's investment returns.
- **Other Regulatory Risks.** Real estate properties are subject to various forms of regulation in addition to the ADA, including building codes, regulations pertaining to fire safety and handicapped access, and other regulations which may from time to time be enacted. The Partnership may be required to incur significant costs to comply with any future changes in these regulations. However, noncompliance with existing or future regulations to which the properties are subject could result in substantial capital expenditures to bring the properties into compliance, as well as the imposition of fines or an award of damages to private litigants which might adversely affect the Partnership's ability to make expected distributions to Limited Partners.

Emerging Market Opportunities. The Partnership may invest in assets or companies located, or doing business, in emerging market geographies. An "emerging market" geography is any country determined to have an emerging market economy, considering factors such as the country's credit rating, the development of its financial and capital markets and its political and economic stability. Investing in emerging market opportunities includes all of the risks of non-U.S. investments, but to an increased degree. In addition to the risks associated with foreign investments generally, investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. These markets may have heightened volatility, greater political, regulatory, legal and economic uncertainties, less liquidity, dependence on particular commodities or international aid, high levels of inflation, restrictions on foreign investment and restrictions on repatriation of investment income and capital. Emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed and variability in legal jurisdiction.

Emerging Market Economies. Emerging markets may be commodity-dependent in nature and hold lower gross national products relative to more developed countries. Emerging markets are generally heavily dependent upon international trade or the health of particular economies and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain emerging markets may be based predominantly on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation. In particular, certain commodities may occupy a prominent position in the economies of emerging markets and such economies are therefore sensitive to fluctuations in commodity prices. Future economic or political situations could lead to price controls, forced mergers, expropriation, nationalization, confiscatory taxation or the creation of government monopolies. Many emerging countries are undergoing important political and economic changes that are making their economies more free-market oriented. However, there could be future political and economic changes that may return the situation to closed and centrally controlled economies with price and foreign exchange controls. Many of these countries lack the legal, structural and cultural basis for the establishment of a dynamic, orderly, market-

oriented economy. Many of the promising changes that are being seen at present could be reversed, having a significant impact on the Partnership's investments.

Emerging Market Legal and Regulatory Risks. In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Many emerging markets have less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements or authorities. In certain cases, the laws and regulations governing investments in or title to real estate and financial instruments may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Partnership may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts. In addition, repatriation of investment income, assets and the proceeds of sales by investors foreign to such markets, such as the Partnership, may require governmental registration or approval in some emerging markets. The Partnership could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on gains from the disposition of such investments.

Emerging Market Financial Standards. Accounting, auditing and financial reporting standards, practices and disclosure requirements that prevail in emerging markets generally are not as high as standards in developed countries. Specifically, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from accounting standards in more developed countries and there is an increased risk of fraud or other deceptive practices. Consequently, less information is typically available concerning companies located in emerging markets. Accordingly, the Partnership's ability to conduct effective due diligence in connection with its emerging market investments and to monitor such investments may be adversely affected by these factors.

Exit Risk. There is risk that the Partnership will be unable to realize its investment objective through the sale or disposition of the investments at an attractive price, within any given period of time, or will otherwise be unable to complete any exit strategy. In particular, these risks could arise from the absence of an established market for an investment, changes in the financial condition or prospects of prospective purchasers, changes in national or international credit markets and economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which an investment is located.

Illiquidity of Investments. The Partnership may invest in real estate, loans, securities or other assets for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. The market prices, if any, for such assets tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financing condition of the obligors on the Partnership's assets. The Partnership may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. In particular, recent developments in the financial services industry and the credit crisis have resulted in a contraction of demand for certain types of assets, making such assets practically illiquid and resulting in a significant discount of such assets. The sale of illiquid assets and restricted securities often requires more time and results in higher carrying costs, brokerage charges or dealer discounts and other selling expenses than does the sale of real estate where such circumstances do not exist or the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Non-U.S. Investments and Currencies. The Partnership may make investments on a global basis and can invest a significant portion of its capital in non-U.S. investments. Investments in real estate located outside the U.S. and foreign securities may be restricted or controlled to varying degrees. Such investments require

consideration of certain risks typically not associated with investing in U.S. real estate or securities, among other things, lack of availability of title insurance, trade balances and imbalances and related economic policies, potential price volatility in, and relative illiquidity of, some non-U.S. markets, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, U.S. and foreign withholding taxes, limitations on the removal of funds or other assets from other jurisdictions, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations. Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States.

There may be less publicly available information about certain real estate, foreign companies and assets than would be the case for comparable companies in the United States, and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit investment by foreign persons to a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by nationals. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of real estate or securities by foreign investors. The Partnership could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Partnership of restrictions on investments. In addition, because the Partnership's foreign investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar may well result in a corresponding change in the U.S. dollar value of the Partnership's assets denominated in those currencies. Casco is under no obligation to employ hedging techniques to minimize the currency risks.

Leverage. Casco will use leverage for certain purposes in managing the Partnership (including a short-term Partnership credit facility and non-recourse or limited recourse leverage in connection with the Partnership's loan and equity investments). Although the use of leverage increases returns to the Partnership's investments if it earns a greater return on the incremental investments purchased with the borrowed funds than it pays for such funds, the use of leverage decreases returns to the Partnership's investments if it fails to earn as much on such incremental investments as it pays for such funds. The lenders that provide financing to the Partnership's investments may apply discretionary covenants or repayment obligations which, if not met, may result in loss of financing and forced liquidations of investments at disadvantageous prices.

Because the Partnership's investments will include securities of companies (including without limitation Sponsor JV, and other joint ventures) with leveraged capital structures and because unlimited non-recourse leverage can be used in the acquisition or recapitalization of investments, loans or property-owning entities in which the Partnership holds an interest, such investments will be subject to increased exposure to adverse economic factors such as an increase in interest rates, a downturn in the economy or further deterioration in the economic conditions of the investment, loan, property or other asset or the industry served thereby. Similarly, the Partnership may enter into investments that are unable to generate sufficient cash flow to meet principal and interest payments on their indebtedness. Accordingly, the value of the Partnership's investment in such an entity could be significantly reduced or even eliminated due to further credit deterioration.

Non-Controlling Investments. Although Casco will typically seek to have control rights with respect to its investments, the Partnership may make non-controlling investments and, therefore, may have a limited ability to protect such investments.

Political and Economic Conditions. The Partnership's investments may be adversely affected by changes in economic conditions or political events that are beyond its control. For example, a stock market break, the outbreak of hostilities involving the United States, the bankruptcy, insolvency or other adverse event involving a major financial institution, governmental unit or other organization or the death of a major political figure may have significant adverse effects on the Partnership's investment results. Other factors, such as changes in federal or state tax laws, federal or state securities laws, bank regulatory policies or accounting standards, may make real estate investments and acquisitions less desirable or may make securities arbitrage less effective. Similarly, legislative acts, rulemaking, adjudicatory or other activities of the United States Congress, the

Securities and Exchange Commission (the “SEC”), the Federal Reserve Board, the NYSE, the NASD or other governmental or quasi-governmental bodies, agencies and regulatory organizations may make the business of the Partnership less attractive.

Impact of U.S. Presidential Election. On January 20, 2017, Donald Trump became President of the United States of America. President Trump and other members of the Republican Party have proposed to reverse some of the recent regulation of the financial industry and to change tax policy. If some of these proposals were enacted, banks could dramatically increase their lending practices and accept additional types of collateral, borrowers could reduce their demand for debt financing, and portfolio companies that are net importers or hold significant assets outside of the United States could be subject to increased tax liability. The effect of any such regulatory or tax changes on the Partnership, Casco, its investment partners and the markets in which they trade and invest is uncertain.

Financial Markets and Regulatory Change. The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Partnership’s activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Partnership. The Partnership, the General Partner and Casco may be or may become subject to unduly burdensome and restrictive regulation. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act significantly increased regulation of U.S. and non-U.S. private fund advisers and contains the framework for sweeping reforms in other market areas (for example, enhanced regulation of swaps). Similar regulatory reforms to address the financial crisis have been implemented in foreign countries. New regulations could adversely affect the way the Partnership conducts its operations and profitability of its investment activities and will result in increased regulatory compliance expenses borne by the Partnership. The private investment fund industry may continue to be adversely affected by instability in the global financial markets, and any future legal, regulatory, or governmental action and developments in the U.S. or abroad could have a material adverse effect on the Partnership’s business, operations and performance.

Eurozone Risks. In addition to specific national concerns, the Eurozone is continuing to be subject to instability in the aftermath of a collective debt crisis. The Eurozone is also subject to severe geopolitical pressures in light of the ongoing refugee resettlement crisis. Investor confidence in other EU member states has been severely impacted, threatening capital markets throughout the Eurozone. The consequences of any sovereign default would likely be severe and wide-reaching, including significant exchange rate volatility or even an abolition of the Euro. This could have a severe negative impact on the financial and other markets, not only within Europe but globally and could result in the Partnership’s inability to successfully carry out its investment program, especially with respect to European investments.

Brexit. In June 2016, the United Kingdom voted to leave the European Union. The United Kingdom has triggered the withdrawal procedures in Article 50 of the Treaty of Lisbon, beginning a two-year period (or longer) during which the arrangements for exit will be negotiated. This vote and the withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area and globally. There is a risk that election results in countries such as France and Italy will lead to governments that will seek to leave the Eurozone, thus further destabilizing the region. Any such events could have material adverse consequences for the Partnership.

Financial Fraud. Instances of fraud and other deceptive practices committed by Sponsors or owners of real estate in which the Partnership invests may undermine Casco’s due diligence efforts with respect to such investments. If such fraud occurs, it may negatively affect the valuation of the Partnership’s investments. In addition, when discovered, financial fraud may contribute to overall market volatility which can negatively impact the Partnership’s investment program.

Counterparty and Settlement Risk. The Partnership may effect a portion of its transactions in “over-the-counter” or “interdealer” markets or through private transactions. The participants in such markets and the counterparties in such private transactions are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This may expose the Partnership to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing the Partnership to suffer a loss.

Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single or small group of counterparties. In addition, there may be practical or time problems associated with enforcing the Partnership’s rights to its assets in the case of an insolvency of any such party.

Many non-U.S. countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism of settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counter-party and other risk. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk is more prominent.

Transaction Costs. Because the Partnership’s investments will be actively managed and serviced, purchases and sales of investments and making of loans may be frequent and may result in higher transaction costs to the Partnership. In addition, the Partnership will bear the costs of structuring and ongoing administration and maintenance of any subsidiaries or other vehicles used in connection with the Partnership’s investment program, and such costs can be material.

Potential Involvement in Litigation. As a result of the Partnership’s investments and the possibility that Casco may participate in restructuring and foreclosure activities, it is possible that the Partnership may become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against the Partnership including the General Partner and Casco and ultimately judgments may be rendered against the Partnership for which the Partnership does not carry insurance.

Contingent Liabilities. The Partnership may from time to time incur contingent liabilities in connection with an investment. For example, the Partnership may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Partnership would be obligated to fund the amounts due. The Partnership may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party. In addition, the Partnership may make investments in entities that are subject to contingent liabilities, including in connection with any ongoing litigation at the property-owner or borrower level.

Tax Considerations. The Partnership may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the U.S. Internal Revenue Service (the “Service”) or other applicable taxing authorities, there could be a material adverse effect on the Partnership and its Partners. There can be no guarantee that the General Partner’s efforts to structure investments in an efficient manner would be successful. In addition, an audit of the Partnership may result in an audit of the returns of some or all of the Limited Partners, which examination could affect items not related to a Limited Partner’s investment in the Partnership. If such adjustments result in an increase in a Limited Partner’s U.S. federal income tax liability for any year (assuming that such Limited Partner is subject to U.S. federal income taxation), such Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Partnership’s tax return will be borne by the Partnership. The cost of any audit of any Limited Partner’s tax return will be borne solely by the Limited Partner. No assurance can be given that legislative, administrative or judicial changes will not occur which will alter, either prospectively or retroactively, the tax considerations or risk factors discussed in this Memorandum. There are currently pending various proposals in the U.S. Congress which if enacted could result in changes in U.S. federal income tax laws. Prospective investors should seek, and must rely on, the advice of their own tax advisors with respect to the possible impact on its investment of any future proposed legislation or administrative or judicial action. Pursuant to the Bipartisan Budget Act of 2015, for taxable years beginning after December 31, 2017, the Service generally will be permitted to determine adjustments to items of income, gain, deduction, loss or credit of the Partnership, and assess and collect taxes attributable thereto (including any applicable penalties and interest), at the Partnership level. If this new regime applies to the Partnership (which depends, among other things, on whether the Partnership has more than 100 partners or has any partner that is itself classified as a partnership for U.S. federal income tax purposes), then any person

who is a partner of the Partnership in the relevant year of the adjustment may indirectly bear the economic burden of any such taxes assessed or collected (initially determined at the highest rate of tax applicable to an individual or corporation in effect for the reviewed year), regardless of whether such person was a Limited Partner during any reviewed year. It is expected that guidance will be issued that permits the Partnership to reduce the underpayment of taxes owed by the Partnership, including to the extent that the Partnership demonstrates such taxes are allocable to a Limited Partner that would not owe any tax by reason of its status as a “tax-exempt entity” or the character of income is subject to a lower rate of tax. The Partnership may, under certain circumstances, have the ability to avoid such entity-level tax assessment or collection by electing to issue a statement to each Partner of any reviewed year with its share of such adjustment, resulting in such Partner being required to take into account any such adjustment for the taxable year which includes the date such statement was furnished. In such case, the Partners of the reviewed year would also incur a two percentage point increase on the interest rate that would otherwise have been imposed on any underpayment of taxes. There can be no assurances, however, that the Partnership will avoid, or be able to avoid, any entity-level determination, assessment or collection. Limited Partners should note that there is substantial uncertainty regarding the implementation of these rules and the impact on any current or future allocations made or cash available for distributions or withdrawals by the Partnership. The Partnership may also be exposed to the risk that these rules apply to any lower-tier entity in which the Partnership directly or indirectly invests and that is treated as a partnership for U.S. federal income tax purposes. If this new legislation applies to the Partnership, the Partnership will designate a tax representative, which is expected to be the General Partner, Casco, or an affiliate thereof, who shall have the sole authority to act on behalf of the Partnership with respect to dealings with the Service under these new procedures. Prospective Limited Partners should consult their own tax advisors regarding this new legislation.

Foreign Taxation. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Partnership, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Additional risks related to investments in a Fund(s) are described in the applicable private offering memoranda.

Disciplinary Information

Form ADV Part 2A, Item 9

To the best of our knowledge, Casco has no disciplinary information to disclose.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Casco is under common control with Casco Capital Partners 2017 GP LLC. As well as always acting in our Clients' best interest, in order to mitigate the risk of this potential conflict of interest, Casco will engage a third-party, independent auditor to provide an annual, unqualified review of a Funds' holdings.

We are not registered, nor do we have an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

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

Form ADV Part 2A, Item 11

Casco has adopted a Regulatory Compliance Manual (Compliance Manual) that includes a Code of Ethics (the Code) setting forth the standards of ethical and business conduct expected of our personnel and addresses conflicts that may arise from personal trading by personnel. The Code, among other things, requires compliance with the federal securities laws, reflects the fiduciary responsibilities of Casco and its advisory personnel, prohibits certain personal securities transactions, and requires personnel to periodically report their personal securities transactions and to pre-clear certain securities transactions. The Compliance Manual also addresses certain other potential conflicts of interest including Insider Trading, Gifts and Entertainment, Political and Charitable Contributions, and Outside Business Activities. Pertinent provisions of the Compliance Manual and the Code are discussed below.

A copy of the Compliance Manual including the Code will be provided to any Client, prospective Client or investor upon request, by calling the telephone number on the front of this brochure.

Transaction Restrictions. The Code includes restrictions on investment transactions in which Casco's officers, directors and certain other persons have a beneficial interest to avoid any actual or potential conflict or abuse of their fiduciary position. The Code permits personnel subject to the Code to invest in securities, but contains several restrictions and procedures designed to eliminate conflicts of interest including:

- a) pre-clearance of non-exempt personal investment transactions;
- b) quarterly reporting of personal securities transactions and initial and annual reporting of securities holdings;
- c) a prohibition against personally acquiring securities in an initial public offering, entering into uncovered short sales and writing uncovered options;
- d) a prohibition, with respect to certain investment personnel, from profiting in the purchase and sale, or sale and purchase, of the same (or equivalent) securities, within 60 calendar days;
- e) a prohibition against acquiring any security which is subject to firm wide restriction;
- f) a prohibition of the purchase of securities offered in a hedge fund, other private placement or limited offering (other than certain affiliated-sponsored offerings) except with prior approval of appropriately designated Casco personnel; and
- g) a prohibition of a purchase, without prior disclosure to appropriately designated Casco personnel, on behalf of a Client through a private placement of a security of an issuer or its affiliate, if a member of Casco has a beneficial interest in the issuer or affiliate.

Parallel Investments. Casco may recommend, buy or sell investments in issuers in which it or related persons may also purchase, hold or sell other investments. These investments may be either publicly traded or private placements. Casco policy establishes various procedures with respect to investment transactions in which Casco's related persons have a beneficial interest that are designed to reduce the potential for conflicts of interest.

Insider Trading. The Compliance Manual includes a policy on insider trading that provides generally that no officers, directors or employees of Casco may:

- a) buy or sell a security either for themselves or others while in possession of material non-public information about the company, or
- b) communicate material non-public information to others who have no official need to know.

The policy also provides guidance about what is material non-public information, lists common examples of situations in which Casco personnel could obtain that information, and describes Casco's procedures regarding securities maintained on a "Restricted Securities List" and for establishing information barriers. It also identifies parties to contact with questions in connection with the requirements of the policy statements.

Restrictions on Gifts and Entertainment; Political and Charitable Contributions; Outside Business Activities.

Casco has a policy governing gifts and entertainment to identify and mitigate conflicts of interest. The policy includes reporting and approval processes for specific categories of gifts and entertainment provided to or given by Casco employees. Additionally, Casco's policy on political activities and contributions contains rules governing contributions and solicitation, sets forth the responsibilities of individuals for personal contribution limits, requires the pre-clearance of certain contributions to federal, state and local candidates, campaign committees, political parties or other political organizations, and sets rules for political activities on Casco's premises or using Casco resources. There is as well a policy governing employees' activities outside of their employment with Casco, including outside employment, service as director or in a similar capacity, fiduciary appointments, and participation in public affairs and service as treasurer of clubs, houses of worship, and lodges.

Confidentiality and Reporting. Casco's policies require employees to keep the confidentiality of all non-public information regarding the Firm, Clients, Investors, prospects and other employees, and to report illegal activity or activities not in compliance with Casco's formal written policies and procedures, including the Code.

The Code provides for exemptive relief from certain of its requirements, upon application to and approval by designated personnel. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in a Client's investment management agreement with Casco shall in any way constitute a waiver or limitation of any rights which the Client may have under any federal securities laws.

Principal and Cross Transactions. It is Casco's policy generally to avoid principal transactions. In certain cases, however, and subject to each Client's governing documents, Casco may cause a Client to purchase investments from another Client, or it may cause a Client to sell investments to another Client. Such transactions may create conflicts of interest because the Firm might have an incentive to improve the performance for one Client by selling underperforming assets to another Client in order, for example, to earn Management Fees or a performance allocation from the acquiring Client.

Additionally, in connection with such transactions, Casco, its affiliates and/or their professionals (1) may have a significant investment, or intentions to invest, in a Fund that is selling and/or purchasing such an investment or (2) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). To address these conflicts of interest, in connection with effecting such transactions, Casco will, to the extent feasible, use market forces to determine the price at which one Client acquires the investment from another. Any conflicts of interest may need to be brought to the attention of the applicable Fund's Limited Partners, depending upon the relevant Fund's governing documents.

Brokerage Practices

Form ADV Part 2A, Item 12

Casco does not have any soft-dollar arrangements and does not expect to receive any soft-dollar benefits for its investment transactions. Casco may pay commissions to brokers to sell publicly-traded securities that are distributed to the Funds by the Partnerships. In selecting an appropriate broker to affect a trade, we will take relevant factors into consideration, including, price quotes, the size of the transaction, the nature of the market for the security, the broker's expertise in the specific security, the broker's promptness of execution, the broker's financial stability, and the overall quality of service provided by the broker. Brokers will be selected primarily for their ability to execute transactions. Given Casco's business model and the primary investment strategy to be deployed, we do not anticipate significant use of a broker or the payment of commissions.

Co-Investment. Casco may in its discretion, but is not obligated to, offer co-investment opportunities to affiliates and/or third parties which it may select in its sole discretion, for investments in a transaction either directly or through the formation of one or more co-investment vehicles. Certain co-investors may pay no or reduced fees, including management fees, carried interest and fund administrative fees. In addition, in certain cases, such co-investment vehicles or other co-investors may evaluate a potential investment alongside a Fund. If the potential investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment may be borne entirely by the Fund making such investment, rather than the co-investment vehicle or other co-investor.

Review of Accounts

Form ADV Part 2A, Item 13

Client accounts are typically monitored and reviewed by appropriately designated Casco personnel on an ongoing basis. The details of the monitoring vary based on the nature of the investment strategy and the investments made. Participants in the review and monitoring may include the investment partners or other senior management personnel of Casco, outside legal counsel and third party service providers.

Partnerships will generally issue reports to investors on a quarterly basis.

Casco will distribute account statements and financial reports quarterly and/or annually as required by each Client's controlling documents. Depending on the type of Client, account statements may include contributions, distributions, realized and unrealized gains/losses, and performance net and gross fees. Financial reports may include statements of assets and liabilities, operations, changes in partner capital, cash flows, schedule of investments, fees, notes, and report of independent auditors (on an annual basis). Fund investors will receive financial statements that comply with the requirements provided in the relevant governing documents.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Casco currently does not provide compensation or a fee to any third party solicitors for client referrals.

However, Casco may pay third parties a fee or compensation for referral of an investor. Any such third parties will be required to provide prospective investors with a current copy of Casco's written disclosure statement and the solicitor's written disclosure statements, and Casco will obtain a signed and dated acknowledgement from each referred investor of the receipt of such disclosure statements, as required by Rule 206-(4)-3 under the Advisers Act.

Custody

Form ADV Part 2A, Item 15

Because Casco's affiliates will serve as general partner of certain Fund(s), Casco is deemed to have "custody" over the Fund(s) within the meaning of Rule 206(4)-2 under the Advisers Act. Each investor in a Fund will receive audited financial statements within 120 days following the Fund's fiscal year end. In addition, each investor in a Fund will receive unaudited financial statements on a quarterly basis (except the last quarter of each year). These statements should be reviewed carefully and compared against any client reports received from Casco. Any discrepancies between the statements and reports should be promptly reported to Casco. If an investor in a Fund has not received audited financial statements timely, please contact us. Our contact information appears on the cover page of this Brochure.

Investment Discretion

Form ADV Part 2A, Item 16

Casco will have discretionary authority for certain Clients for which it is the investment adviser. Casco's discretionary authority includes the ability to do the following without contacting the Client: (a) determine the type of investment transaction to enter into; and/or (b) determine the amount of the investment transaction to enter into.

Our investment decisions and advice with respect to separately managed accounts will be subject to the Client's investment objectives and guidelines, as established by the Client, in consultation with Casco, and set forth in the applicable Investment Management Agreement.

Also see Item 4 for a further description of our authority over Client accounts.

Voting Client Securities

Form ADV Part 2A, Item 17

With respect to the Fund(s), Casco will exercise all voting rights on behalf of the Fund, as appropriate and as necessary.

With respect to separately managed accounts, Casco generally will not accept the authority to vote a Client's securities (i.e. proxies) on their behalf.

Financial Information

Form ADV Part 2A, Item 18

Not applicable.