

**Part 2A of Form ADV: Firm Brochure**

**MOUNT ELBERT EDGECORE PLATFORM MANAGER, LLC  
(IARD No. 291660)  
1415 LARIMER STREET  
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DENVER, CO 80202**

March 28, 2019

This brochure provides information about the qualifications and business practices of Mount Elbert EdgeCore Platform Manager, LLC (“Mount Elbert”). If you have any questions about the contents of this Brochure, please contact Jeff Dorr at (720) 328-5724 or by email at [jeff.dorr@mountelbert.com](mailto:jeff.dorr@mountelbert.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Mount Elbert is a registered investment adviser. Registration as an investment advisor does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Mount Elbert also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also search for Mount Elbert by using the firm’s IARD number, which is 291660.

**Item 2 Material Changes**

This is the firm brochure of Mount Elbert EdgeCore Platform Manager, LLC.

Please note that this section will discuss only material changes that have occurred since the most recent annual update to the firm's brochure (which, as of this writing, was on May 17, 2018).

Item 3 Table of Contents

**PART 2A of FORM ADV – BROCHURE**

ITEM 1	COVER PAGE	i
ITEM 2	MATERIAL CHANGES	ii
ITEM 3	TABLE OF CONTENTS	iii
ITEM 4	ADVISORY BUSINESS	1
ITEM 5	FEES AND COMPENSATION	2
ITEM 6	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	3
ITEM 7	TYPES OF CLIENTS	3
ITEM 8	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	3
ITEM 9	DISCIPLINARY INFORMATION	12
ITEM 10	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	12
ITEM 11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	13
ITEM 12	BROKERAGE PRACTICES	14
ITEM 13	REVIEW OF ACCOUNTS	14
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION	14
ITEM 15	CUSTODY	14
ITEM 16	INVESTMENT DISCRETION	15
ITEM 17	VOTING CLIENT SECURITIES	15
ITEM 18	FINANCIAL INFORMATION	15

#### **Item 4 Advisory Business**

Mount Elbert EdgeCore Platform Manager, LLC (“Mount Elbert”) is a Delaware limited liability company formed in December 2017. Mount Elbert’s principal office is located in Denver, Colorado. Mount Elbert provides discretionary investment advisory services to pooled private investment vehicles including, but not limited to, private funds and real estate investment trusts (“REITs”), typically organized as Delaware limited liability companies or limited partnerships (the “Pooled Investment Vehicles”), and potentially special purpose entities formed to facilitate co-investment relationships (the “Co-Investment Entities” and together with the Pooled Investment Vehicles, the “Advisory Clients”).

The Advisory Clients are organized principally to acquire and develop a portfolio of real estate assets and to invest in equity, equity-related and debt investments (potentially in some cases as a joint venture or co-equity interest owner) in various real estate projects located throughout the United States and Canada. Each real estate acquisition is made by a wholly or partially owned subsidiary of a Pooled Investment Vehicle. The Pooled Investment Vehicles include: Mount Elbert Capital Partners Fund 1, LP, EdgeCore JV 1 Anchor O, LP, EdgeCore JV 1 Anchor G, LP and EdgeCore Internet Real Estate 1, LLC.

The Co-Investment Entities are expected to be special purpose entities typically structured as parallel funds or joint ventures formed to enable one or more third parties to invest alongside a Pooled Investment Vehicle, or for certain select investors in a Pooled Investment Vehicle to invest independent of the Pooled Investment Vehicles and the non-participating investors therein, on either a project-based or programmatic basis. There are currently no Co-Investment Entities.

As of December 31, 2018, Mount Elbert managed securities portfolios in the amount of \$891,425,000 on a discretionary basis, and none on a non-discretionary basis.

Tom Ray is the Chief Executive Officer of Mount Elbert and Jeff Dorr is the Chief Financial Officer and Chief Compliance Officer of Mount Elbert. Mount Elbert is owned by Mount Elbert Capital Partners and shares certain managers and officers. Affiliates of Mount Elbert serve as the managing members or general partners of the Advisory Clients (the “Affiliated Managers”). Each Affiliated Manager is a related person of Mount Elbert and is controlled by or under common control with Mount Elbert. Subject to the terms of the Governing Documents (defined below), each Affiliated Manager generally has full and exclusive management authority over the applicable investment, decisions, asset dispositions, distributions and other activities of its respective Advisory Clients. While the Affiliated Managers maintain ultimate discretionary authority over the respective Advisory Client’s assets, Mount Elbert has been delegated the role of investment adviser.

##### *Investment Advisory Services*

Mount Elbert offers real estate investment advisory and management services. Mount Elbert’s advisory business is limited to real estate and real estate related investments. Mount Elbert’s investment strategy primarily includes pursuing both current income and longer-term gain for its investors through acquiring and operating a portfolio of income producing properties, with an emphasis on data center real estate properties (including mixed-use properties with a data center component) (“Portfolio Investments”).

The Advisory Clients’ Portfolio Investments include, but may not be limited to, land, development properties, operating buildings, and operating companies that are wholly or partially owned. Please see response to Item 8 for a description of Mount Elbert’s investment strategies and their associated risks.

Mount Elbert neither tailors its advisory services to the individual needs of underlying investors in the Advisory Clients nor accepts investor-imposed investment restrictions except as provided in an Advisory Client’s governing documents (i.e., operating agreement, limited partnership agreement, confidential offering memorandum or other offering document, joint venture agreement, etc.) of each Advisory Client (the “Governing Documents”).

The investment advice Mount Elbert provides to Advisory Clients is determined by the investment objectives,

strategies and restrictions set forth in the Advisory Client's Governing Documents.

Mount Elbert does not offer wrap fee programs.

#### **Item 5 Fees and Compensation**

Mount Elbert and its affiliates that serve as general partners to the Advisory Clients are generally compensated for advisory services through an asset-based or capital commitment-based management fee (the "Management Fee") and affiliates of Mount Elbert may receive performance-based compensation in the form of an incentive allocation or carried interest (as described below).

The Management Fee payable by an Advisory Client will generally be based on a percentage (generally between 0.75% - 1.5% per annum) of capital commitments or invested capital. The Management Fee is typically payable quarterly in advance, commencing on the date on which capital contributions are formally accepted into an Advisory Client.

Mount Elbert and its affiliates may be eligible to receive a percentage of investment proceeds from a Pooled Investment Vehicle, generally equal to 20% of profits subject to payment of a preferred return and the return of all capital contributions (the "Manager Promote" or "Carried Interest").

Affiliates of Mount Elbert may provide other real estate related services for certain real estate portfolio investments including, but not limited to, leasing, property management, development, construction management and financing services ("Real Estate Services"). Such affiliates will be entitled to receive compensation for such Real Estate Services pursuant to written agreements between Mount Elbert or its affiliates and certain of the Advisory Clients. Any agreements between an Advisory Client and Mount Elbert or its affiliates for such Real Estate Services will be on terms and conditions that are commercially reasonable and substantially similar to those that would be available in an arm's length transaction. Mount Elbert will adhere to its fiduciary duties to its Advisory Clients when negotiating any agreements with its affiliates. Mount Elbert may also engage non-affiliate third parties to provide Real Estate Services.

Subject to the particular facts and circumstances around an investor's investment in an Advisory Client, the Management Fee, Manager Promote and other fees (as well as other key terms) may typically be waived/modified (in whole or in part) or otherwise further negotiated with investors, in the sole discretion of Mount Elbert and its affiliates.

We encourage investors in Advisory Clients to review the Governing Documents for each Advisory Client for a complete understanding of how certain expenses are borne and how fees will be paid to Mount Elbert, the Affiliated Managers and their affiliates. The information contained herein is a summary only and is qualified in its entirety by such documents, which may be amended from time to time in accordance with their terms.

The Management Fee, Manager Promote/Carried Interest and other applicable fees will generally be paid directly from the assets of the relevant Advisory Client.

An Advisory Client will typically be responsible for certain expenses, including, but not limited to, expenses incurred in connection with the formation of that Advisory Client and admission of its investors, including, without limitation, legal fees, placement fees, registration fees and filing and recording charges, fund administration, fund audit, tax fees, and other expenses reasonably incurred by or on behalf of the Advisory Client.

Each Advisory Client may create one or more entities to hold real estate portfolio investments. Such holding entities may pay (and thus, the Advisory Client may indirectly pay) an affiliate of Mount Elbert or a non-affiliate third party for Real Estate Services. The amounts of such fees may vary from investment to investment depending on, among other things, the nature of the real estate property.

Management Fees paid by Advisory Clients are typically paid quarterly in advance. The Manager Promote/Carried Interest will typically be paid when earned although in certain circumstances a portion of the Manager

Promote/Carried Interest may be paid in advance.

Neither Mount Elbert, nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

Mount Elbert and its affiliates may receive a Manager Promote/Carried Interest allocation (performance-based compensation) with respect to the investments of the Advisory Clients.

The fact that Mount Elbert and its affiliates may receive performance-based compensation creates a conflict of interest in that it creates an incentive for Mount Elbert to recommend investments that are riskier or more speculative than in the absence of such performance-based fees. Mount Elbert intends to exercise its best judgment as to what is fair and reasonable under the circumstances in accordance with applicable law, and will use its reasonable efforts to seek to align the interests of each Advisory Client with those of Mount Elbert and its affiliates. Mount Elbert will adhere to its fiduciary duties to its Advisory Client in exercising its judgement with respect to recommending investments for the Advisory Client.

Refer to the Governing Documents for each Advisory Client for a complete understanding of how Manager Promote/Carried Interest will be paid to Mount Elbert, the Affiliated Managers and their affiliates. The information contained herein is a summary only and is qualified in its entirety by such documents.

#### **Item 7 Types of Clients**

Mount Elbert provides investment advisory services to pooled investment vehicles operating as private investment funds, REITs, and certain other special purpose entities, as described in Item 4. Each investor in an Advisory Client is generally required to be an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933, and, depending on the Advisory Client in question, also a “Qualified Client” under Rule 205-3 of the Investment Advisers Act of 1940 or a “qualified purchaser” as defined under the Investment Company Act of 1940.

The minimum capital commitment of an Advisory Client’s investor generally is \$5,000,000, although lesser commitments may be accepted in the discretion of an Advisory Client.

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

There can be no assurance that Mount Elbert or any of the Advisory Clients will achieve their investment objectives or that the investment strategies employed by Mount Elbert will be successful.

Mount Elbert’s investment strategy primarily includes pursuing both current income and longer-term gain for its investors in its Advisory Clients through acquiring and operating a portfolio of income producing properties, with an emphasis on data center real estate properties (including mixed-use properties with a data center component) (“Portfolio Investments”).

Advisory Clients may also invest in Portfolio Investments as a joint venture or co-equity interest owner.

As a general matter, Mount Elbert utilizes the methods of analysis and investment strategies described in the relevant Governing Documents. The information contained herein is a summary only and investors and prospective investors in Advisory Clients should refer to the applicable Governing Documents for a complete overview of Mount Elbert’s methods of analysis and investment strategies.

Investors should understand that all investments involve risk and there can be no assurance that: (i) the objectives of any Advisory Client will be achieved; (ii) Mount Elbert (or the Affiliated Managers) will be able to choose, make or realize investments on behalf of the Advisory Clients; or (iii) Mount Elbert will be able to generate returns for investors in Advisory Clients or that the returns will be commensurate with the risks of investments undertaken by

the Advisory Clients.

As with any investment in securities, the value of and return on an investment can decrease as well as increase, depending on various factors. Mount Elbert cannot be certain that its investment strategy will be successful or that it will successfully manage risks.

**Certain investors and prospective investors in an Advisory Client have been or will be provided with certain offering literature that may contain a more detailed description of the material risks related to the investment in that Advisory Client. Investors and prospective investors in Advisory Clients who received such materials are advised to carefully review all risk factors set forth in the offering materials and the other Governing Documents.**

#### Competition

Advisory Clients will experience competition for real property investments from individuals, corporations and bank and insurance company investment accounts, as well as other real estate investment funds and partnerships, real estate investment trusts and other entities engaged in real estate investment activities. Some of these competitors may have greater resources than the Advisory Clients. Competition for investments may reduce an Advisory Client's ability to complete investments that satisfy that Advisory Client's investment or return objectives, and may have the effect of increasing costs and reducing returns. To the extent an Advisory Client seeks to sell any of its properties, the sales prices for such properties may be adversely affected by competition from other real estate investors also attempting to sell their properties.

#### Concentration of Investments

The assets of each Advisory Client will be primarily concentrated within narrow asset classes, within targeted geographic regions of the United States and Canada. As such, an investment in an Advisory Client is more susceptible to fluctuations in value resulting from adverse economic, demographic, geographic or market conditions affecting such asset class or geographic regions than an investment in a more diversified opportunity.

#### Leverage

Advisory Clients may borrow a substantial amount of the funds needed to purchase and improve their properties. There can be no assurance that an Advisory Client can obtain such financing, or that any financing obtained would be on terms favorable to that Advisory Client. The loans an Advisory Client obtains may be secured by that Advisory Client's properties, which would put those properties at risk of forfeiture if that Advisory Client is unable to make required payments and, therefore, could hinder its ability to pay distributions to its investors. In addition, there may be no limitation on how much an Advisory Client can borrow. The definitive agreements with respect to such indebtedness will contain restrictive covenants that will limit the ability of an Advisory Client to, among other things, make capital expenditures, incur additional indebtedness and dispose of assets. The dependence of an Advisory Client upon third-party indebtedness and related debt service obligations may increase its vulnerability to adverse general economic and collections industry conditions, adverse fluctuations in interest rates, and competitive pressures.

#### Inherent Risks of Real Estate Investment

Investment in real estate involves significant risks, including: competition with other properties; adverse changes in general and local economic conditions; increasing interest rates; cost increases; oversupply of rental space; adverse changes in real property values; zoning laws; environmental laws; real property tax rates; other laws and regulations (including compliance with the Americans with Disabilities Act); insurance premium rates; and other costs. An Advisory Client's properties may encounter problems with: soils; drainage; building renovation or other structural issues; title; easements; survey; eminent domain; increased capital costs; delayed development or capital improvement schedules; and other issues inherent to acquiring and holding real estate. An Advisory Client's properties may also encounter property management problems related to: tenant relations; leasing and general rental

market conditions; maintenance costs; difficulty, delay and waste with respect to capital improvement projects.

Real estate in general is not a readily marketable and liquid asset. Properties may be subject to vacancies, neighborhood changes and competition from existing or newly-developed properties that may compete with the properties acquired by an Advisory Client. Also, some on-going expenditures associated with real estate investments (principally debt service, real estate taxes and maintenance costs) are unlikely to decrease due to events adversely affecting the properties acquired by an Advisory Client.

Mount Elbert cannot predict if any such adverse events will occur and how such events will affect the properties acquired by an Advisory Client.

#### Data Center Related Risks

Advisory Clients' investments will be focused on data center real estate properties. Data centers may be geographically concentrated and susceptible to the local economic conditions and supply and demand for data center space in certain markets. If there is a downturn in the economy or an oversupply of or decrease in demand for data centers, Advisory Clients could be materially adversely affected. Data centers are also particularly vulnerable to security breaches and cyber-attacks. If a security breach occurs at an Advisory Client's portfolio property, such event could have an adverse effect on the Advisory Client. Data center real estate properties may not be suitable for use other than as data centers, which could make it more difficult for an Advisory Client to sell or reposition a data center investment. The markets for data centers and the industries that depend on data center properties depend on rapidly changing technology. As such, the data center properties that an Advisory Client owns may become obsolete due to the development of new systems and technology. It may be difficult for a data center property to adapt to changes in technology and markets. The operation of a data center is highly dependent on power, fiber, water and other utilities. A disruption to the provision of any such utilities could result in the slow down or halting of data center operations as well as increased cost of operations, which could negatively impact the performance of an Advisory Client. Advisory Clients investing in data center real estate properties will also depend on third parties to provide network connectivity and cloud-computing services within and between such Advisory Client's data centers and between its data centers and locations not under its control, and any delays or disruptions in these network and/or cloud services may adversely affect such Advisory Client's operating results and cash flow.

An Advisory Client investing in data center real estate properties will likely depend upon a small number of customers for a significant percentage of its revenue. Some of its customers may experience a downturn in their businesses or other factors which may weaken their financial condition and result in them failing to make timely rental or lease payments, defaulting on their leases, reducing the level of interconnection services they obtain or the amount of space they lease from us upon renewal of their leases or terminating their relationship with such Advisory Client. The loss of one or more of its significant customers or a customer exerting significant pricing pressure on it could also have a material adverse effect on such Advisory Client's results of operations and have a material adverse effect on the Advisory Client.

In addition, an Advisory Client's largest customers may choose to develop new data centers or expand existing data centers of their own. In the event that any of an Advisory Client's key customers were to do so, it could result in a loss of business to such Advisory Client or increase pricing pressure on it and thus have a material adverse effect on such Advisory Client. If an Advisory Client loses a customer, there is no guarantee that it would be able to replace that customer at a competitive rate or at all.

Some of an Advisory Client's largest customers may also compete with one another in various aspects of their businesses. The competitive pressures on an Advisory Client's customers may have a negative impact on such Advisory Client's operations. For instance, one customer could determine that it is not in that customer's interest to house mission-critical servers in a facility operated by the same company that relies on a key competitor for a significant part of its annual revenue. Such Advisory Client's loss of a large customer for this or any other reason could have a material adverse effect on its results of operations and have a material adverse effect on such Advisory Client.

An Advisory Client's failure to develop and maintain a diverse customer base could harm its business and adversely affect its results of operations. An Advisory Client's ability to increase occupancy rates in its data centers and grow its business is, in part, dependent upon its ability to market its data center space to a diverse customer



base. A more diverse customer base in an Advisory Client's data centers creates more networking interconnection opportunities that are valued by its customers, which may generate incremental revenues in the long-term. Attracting and retaining this diverse customer base will depend on many factors, including the density of interconnection, the operating reliability and security of an Advisory Client's data centers, and an Advisory Client's ability to market its services effectively across different customer segments. If an Advisory Client fails to maintain a diverse customer base, its business and results of operations may be adversely affected which could have a material adverse effect on such Advisory Client.

#### The Financial Performance of Leased Properties May Fluctuate

Advisory Clients' investing will focus on income producing properties, and Advisory Clients will be subject to economic problems incident to the ownership and operation of these types of properties, including:

- vacancies that continue for a long period of time reduce revenues resulting in less cash to be distributed;
- changes in the general economic climate resulting in increased administrative and operating costs;
- changes in local conditions such as an oversupply of space or reduction in demand for real estate;
- competition from other available space;
- tenant turnover, resulting in increased vacancies and the requirement to expend funds for tenant refurbishments;
- increased insurance rates;
- changes in laws and governmental regulations governing real estate usage, zoning and taxes; and
- changes in interest rates and availability of permanent mortgage funds that may render the sale of a property difficult or unattractive.

Because of the cyclical nature of the real estate market, such decreases in net income could occur at any time. There are no assurances that an Advisory Client's properties will not experience substantial fluctuating financial performance.

#### Advisory Clients may not be able to Sell their Properties at a Profit

An Advisory Client will generally hold its properties until such time as its Affiliated Manager determines, subject to such Advisory Client's Governing Documents, that the sale or other disposition appears to be advantageous to achieve that Advisory Client's investment objectives or until it appears that such objectives will not be met. Advisory Clients generally intend to sell their properties within five to ten years after acquisition. However, an Affiliated Manager may exercise its discretion as to whether and when to sell a property, and will generally have no obligation to sell properties at any particular time. It is impossible to predict with any certainty the various market conditions affecting real estate investments which will exist at any particular time in the future. Due to the uncertainty of market conditions, which may affect the future disposition of an Advisory Client's properties, there are no assurances that it will be able to sell its properties at a profit in the future. Accordingly, the timing of an Advisory Client's liquidation and the extent to which its investors will receive cash distributions and realize potential appreciation on real estate investments will be dependent upon fluctuating market conditions. If an Advisory Client is required to be dissolved, by expiration of its term or otherwise, it may have to sell or otherwise dispose of its investments at a disadvantageous time. Additionally, the Governing Documents of certain Advisory Clients may provide that certain investors therein have certain consent rights over the disposition of its properties, and as a result the differing investment objectives and other factors impacting such investors may impact the duration of such Advisory Client's ownership of its properties, which may extend indefinitely.

#### Leasing Properties

An Advisory Client may not own all of the buildings in which its data centers are located. Instead, an Advisory Client may lease certain data center space and the ability to renew these leases could be a significant risk to its ongoing operations. An Advisory Client's business could be harmed if it is unable to renew the leases for these data centers at favorable terms or at all. Advisory Clients may be required to increase revenues within existing data centers to offset the anticipated increase in lease payments at the end of the original and renewal terms. Failure to increase revenues to sufficiently offset these projected higher costs would adversely impact an Advisory Client's operating income. In addition to renewing leases, upon the end of any renewal options an Advisory Client would have to renegotiate its lease terms with the landlord. If such Advisory Client is not able to renew the lease at any of its data centers, the costs of relocating the equipment in such data centers and redeveloping a new location into a high-quality data center could be prohibitive. In addition, such Advisory Client could lose customers due to the disruptions in their operations caused by the relocation.

#### Capital and Tenant Improvements

Advisory Clients expect to incur significant expenses for capital and tenant improvements. Investing capital to improve its investment properties is a component of an Advisory Client's business plan. These capital improvement programs are, among other objectives, expected to improve property infrastructure and common facilities. In addition, when tenants do not renew their leases or otherwise vacate their space, an Advisory Client may be required to expend funds for tenant refurbishments to the vacated space to attract replacement tenants. Use of funds for these purposes will diminish cash available for distribution. To the extent these expenditures fail to generate sufficient incremental income growth, the performance of an Advisory Client will suffer.

#### Renovation, Development and Construction

Advisory Clients may invest some of their cash in properties that are in need of development or rehabilitation. They could incur substantial capital obligations in connection with such development or redevelopment. Advisory Clients will be subject to risks relating to uncertainties associated with the environmental, zoning and construction concerns of governmental entities and/or community groups and a builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. A builder's failure to perform may necessitate legal action by an Advisory Client to rescind the construction contract or to compel performance. Performance may also be affected or delayed by conditions beyond a builder's control. Advisory Clients may incur additional risks when making periodic progress payments or other advances to such builders prior to completion of construction. These and other such factors can result in increased costs of a project or loss of investment in an Advisory Client. Substantial capital obligations could delay an Advisory Client's ability to make distributions.

#### Expansion and Development

Advisory Clients may make meaningful investments their expansion efforts but may not have sufficient customer demand in the future to realize expected returns on these investments. Additionally, Advisory Clients may not require pre-leasing commitments from customers before they develop or expand a data center, and such Advisory Client may not have sufficient customer demand to support the new data center space when completed. A lack of customer demand for data center space or excess capacity in the data center market could impair an Advisory Client's ability to achieve its expected rate of return, which could have a material adverse effect on such Advisory Client.

Advisory Clients will continually evaluate the market for available properties and may acquire data centers or properties suited for data center development when opportunities exist. An Advisory Client's ability to acquire properties on favorable terms and successfully develop and operate them involves significant risks including, but not limited to:

- an Advisory Client may be unable to acquire a desired property because of competition from other data center companies or real estate investors with more capital;
- even if it can acquire a desired property, competition from other potential acquirers may significantly increase the purchase price of such property;
- it may be unable to realize the intended benefits from acquisitions or achieve anticipated operating or financial results;

- it may be unable to finance the acquisition on favorable terms or at all;
- it may underestimate the costs to make necessary improvements to acquired properties;
- it may be unable to quickly and efficiently integrate new acquisitions into its existing operations resulting in disruptions to its operations or the diversion of its management's attention;
- acquired properties may be subject to reassessment, which may result in higher than expected tax payments;
- it may not be able to access sufficient power on favorable terms or at all; and
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates.

If an Advisory Client is unable to successfully acquire, redevelop, develop and operate data center properties, its ability to grow its business, compete and meet market expectations will be significantly impaired, which would have a material adverse effect on the value of any of its investments.

#### Acquired-Properties Liability.

Assets and entities that an Advisory Client has acquired or may acquire in the future may be subject to unknown or contingent liabilities for which it may have limited or no recourse against the sellers. Unknown or contingent liabilities might include liabilities for clean-up or remediation of environmental conditions, claims of customers, vendors or other persons dealing with the acquired entities, tax liabilities and other liabilities whether incurred in the ordinary course of business or otherwise. In the future Advisory Clients may enter into transactions with limited representations and warranties or with representations and warranties that do not survive the closing of the transactions, in which event it would have no or limited recourse against the sellers of such properties. While an Advisory Client may seek to require the sellers to indemnify it with respect to breaches of representations and warranties that survive closing, such indemnification is often limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses.

As a result, there is no guarantee that an Advisory Client will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that an Advisory Client may incur with respect to liabilities associated with acquired properties and entities may exceed its expectations, which may adversely affect its operating results and financial condition. Finally, indemnification agreements between an Advisory Client and the sellers of a property typically provide that the sellers will retain certain specified liabilities relating to the assets and entities acquired by such Advisory Client. While the sellers are generally contractually obligated to pay all losses and other expenses relating to such retained liabilities, there can be no guarantee that such arrangements will not require an Advisory Client to incur losses or other expenses as well.

#### Projections

Acquisitions of commercial real estate properties for data center development entail risks that investments will fail to perform in accordance with expectations. Advisory Clients must rely upon projections of leasing income and expenses and estimates of the fair market value of property when agreeing upon a price to be paid for the property at the time of acquisition of the property. Estimates of the total cost of acquisition may prove inaccurate. Budgets for improving and re-leasing an acquired property, reserve accounts and operating contingencies established at acquisition may prove inadequate. If these projections are inaccurate, an Advisory Client may pay too much for a property, and the return on investment could suffer.

#### Third Party Property Operators

Advisory Clients may rely on third party property operators. These parties may be responsible for some or all of the following functions: managing and operating the properties on a day-to-day basis; contributing on-site staff and senior management oversight; identifying and communicating with potential residents; and leasing and marketing. They will also play an important role in controlling some expenses, such as payroll, maintenance, contract services, marketing and administrative costs, and will be responsible for operating the properties in accordance with the budget and within the cost parameters. Poor performance by these third-party operators will negatively impact the profitability of an Advisory Client, and thus adversely affect its ability to make distributions to its investors. Data

center properties in particular are also dependent on third parties to provide connectivity within and between certain data centers and/or other facilities. Delays or disruptions in connectivity for its data centers may adversely affect an Advisory Client.

#### Access to Power.

Access to power can have a significant impact on an Advisory Client's operations. Even if an Advisory Client has additional space available for lease at any one of its data centers, such Advisory Client's ability to lease this space to existing or new customers could be constrained by its access to sufficient electrical power. It is likely that such Advisory Client's properties will have access to a finite amount of power, which limits the extent to which it can lease additional space for use at its data centers. As customers increase their power footprint in an Advisory Client's facilities over time, the remaining available power for future customers could limit its ability to increase occupancy within its existing facilities.

#### Utilization Rates of Infrastructure / Oversubscription of Existing Infrastructure Capacity.

An Advisory Client's aggregate maximum contractual obligation to provide power and cooling to its customers at its data center properties may exceed the physical capacity at such data centers if customers were to quickly increase their demand for power and cooling. If such Advisory Client is not able to increase the available power and/or cooling or move the customer to another location within its data centers with sufficient power and cooling to meet such demand, such Advisory Client could lose the customer as well as have liability under its leases. Any such material loss of customers or material liability could adversely affect such Advisory Client's results of operations.

#### Infrastructure Failure / Rent Credits to Customers.

Any failure of an Advisory Client's physical infrastructure or services at its data center properties could lead to significant costs and disruptions that could reduce its revenues, harm its business reputation and have a material adverse effect on such Advisory Client. Such Advisory Client's business depends on providing customers with highly reliable service. It may fail to provide such service as a result of numerous factors, including:

- human error;
- power or cooling loss;
- improper building maintenance by its landlords in the buildings that it leases;
- physical or electronic security breaches;
- fire, earthquake, hurricane, flood and other natural disasters;
- water damage;
- war, terrorism and any related conflicts or similar events worldwide; and
- sabotage and vandalism.

Problems at one or more of such Advisory Client's data centers, whether or not within its control, could result in service interruptions or equipment damage. Such Advisory Client will likely provide service-level commitments to substantially all of its customers. As a result, service interruptions or equipment damage in its data centers could result in credits to these customers. In addition, there is no assurance that such Advisory Client's customers will accept these credits as compensation for any service interruption. Service interruptions and equipment failures may also expose it to additional legal liability and damage its brand image and reputation. Significant or frequent service interruptions could cause an Advisory Client's customers to terminate or not renew their leases. In addition, an Advisory Client may be unable to attract new customers if it has a reputation for significant or frequent service disruptions in its data centers. Any of these negative outcomes could have an adverse effect on Advisory Clients.

#### Economic and Regulatory Changes

Real estate investments are illiquid financial assets, and this lack of liquidity will limit an Advisory Client's ability to quickly change its portfolio. Sales of properties will be subject to factors such as changes in general economic or local conditions, changes in supply of or demand for similar or competing properties in an area, changes in interest rates, availability of permanent mortgage funds, and changes in tax, real estate, environmental and zoning laws, all of which may render the sale of a property difficult or unattractive. Periods of high interest rates and tight money

supply may make the sale of properties more difficult. For these reasons, Advisory Clients and Mount Elbert can give no assurance of profitable operation or realization of gains from the sales of an Advisory Client's properties.

Advisory Clients and Mount Elbert must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and other laws in various jurisdictions. Should any of those laws change over the term of an Advisory Client's existence, the legal requirements to which the Advisory Client, its limited partners, and Mount Elbert may be subject could differ materially from current requirements. For example, from time to time the market for private transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions.

Additionally, there continues to be significant attention paid to, and scrutiny of, the private equity industry in the U.S. and globally. Various federal, state, and local agencies have examined the role of placement agents, finders, and other similar private equity service providers as well as various conflicts of interest involving fees paid to private equity managers. There can be no assurance that this attention and scrutiny will not have an adverse impact on Mount Elbert, the Advisory Clients or the investments of the Advisory Clients.

#### Potential Environmental Issues

The properties acquired by an Advisory Client may have unknown potential environmental issues. These might include buildings with asbestos-bearing materials or land that is contaminated by storage of regulated substances (gasoline, solvents, etc.). Environmental laws impose liabilities on owners or operators of real property for the removal or remediation of hazardous or toxic substances (including asbestos-containing materials), and these liabilities are often imposed regardless of whether the owner or operator knew of or was responsible for the presence of these substances. Therefore, an Advisory Client could become liable for the costs of removing these substances without knowledge of the problems at the time the property was purchased. In addition, Mount Elbert's investigations of potential environmental liabilities could be incomplete, or the third parties engaged to conduct these investigations could fail to uncover readily available information. This could give rise to additional unanticipated remediation costs, which would negatively impact the performance of an Advisory Client.

#### Uninsured Disasters

The occurrence of an uninsured disaster could negatively impact the performance of an Advisory Client. Advisory Clients will maintain industry-standard insurance policies, with limits and deductibles customary in the industry. Some types of losses, however, may be either uninsurable or not economically insurable, such as those due to earthquakes, floods, riots, acts of war or terrorism or other catastrophic events. The occurrence of such event could reduce an Advisory Client's returns.

#### Partnership Interests

Investments in Advisory Clients will typically receive privately placed limited liability membership interests or limited partnership interests ("Interests"), which are treated as interests in a limited partnership for federal income tax purposes. Also, Advisory Clients may be "blind pool" investments, in which case an investor will not know prior to investment what assets the Advisory Client will acquire. These types of investments have material risks that may be different than or in addition to, those of other investments.

#### Limited Liquidity

Interests will have limited transferability and limited liquidity, so it will be difficult for an investor in an Advisory Client to sell them. Interests are "securities" as defined in the Securities Act of 1933 (the "Securities Act") and state securities laws. Interests will be offered in a private placement and will not have been registered with the Securities and Exchange Commission (the "SEC") or any federal or state regulatory authority. As a result, Interests are "restricted securities" as that term is defined under Rule 144 promulgated under the Securities Act, and may not be resold without registration with the SEC or the availability of an exemption therefrom. There is no public trading market for the Interests, and it is not anticipated that a public trading market will develop. In addition, the Governance Documents impose substantial restrictions on transfers of Interests. Accordingly, Interests will have limited liquidity and it will be difficult or impossible to sell them. The Governance Documents will not permit

investors to redeem their Interests.

#### Long-term Investments

Advisory Clients do not have a definitive term and investors may have to wait many years after the date of investment before receiving any significant distributions.

#### Blind Pool

Advisory Clients may not own any properties at the time an investment commitment is made. Potential investors will have no information to assist in evaluating the merits of any property or projects to be purchased or invested in by an Advisory Client, and certain investors may not have the opportunity to review investments before they are made. Investors must rely on an Affiliated Manager's ability to select the properties in which it will invest. Investors cannot be sure that an Affiliated Manager will be successful in obtaining suitable properties on financially attractive terms or that an Advisory Client will achieve its objectives with the properties it acquires. If an Advisory Client is unsuccessful in obtaining the types of properties it expects to acquire, its ability to pay distributions to investors will be adversely affected.

#### Limited Control

Except as provided in a particular Advisory Client's Governing Documents, investors must rely on an Affiliated Manager to manage all aspects of an Advisory Client and its business. All decisions with respect to an Advisory Client's management and the selection and disposition of properties will be made exclusively by that Affiliated Manager, except as may otherwise be required pursuant to the Advisory Client's Governing Documents. Members and limited partners will generally have no right or power to take part in the management of an Advisory Client. Mount Elbert cannot be certain that the business strategy described herein and in the Governing Documents of an Advisory Client will be successful or that it will successfully manage risks. Mount Elbert's decisions (including investment decisions) and strategy may not always be profitable nor will it always be correct. If Mount Elbert fails to execute the strategy effectively or otherwise fails to adequately address the risks and difficulties associated with an Advisory Client's business, such Advisory Client's ability to pay distributions to its investors will be adversely affected. Also, investors in Advisory Clients will have limited rights to remove or replace Mount Elbert or an Affiliated Manager.

#### Key Employees

Mount Elbert is highly dependent upon the continued services of Tom Ray. The loss of this individual would likely have a material adverse impact on the Advisory Clients' businesses. Mount Elbert believes that its future success depends, in large part, upon Mr. Ray's ability to hire and retain highly skilled managerial, operational and marketing personnel. There is significant competition for such personnel, and Mount Elbert cannot assure investors that it will be successful in attracting and retaining such skilled personnel.

#### Taxation

Investors will be required to report their allocable share of taxable net income from an Advisory Client on their personal tax returns, regardless of whether they have received any cash distributions from that Advisory Client. It is possible that Mount Elbert or an Affiliate Manager will determine that cash from operations or from the sale of a property is necessary for an Advisory Client's operations. If that were the case, investors would be liable for income tax on that net income or gain but may not receive cash distributions equal to that liability.

The ability to obtain the income tax attributes anticipated from an investment in Interests depends upon an Advisory Client's classification as a partnership for federal income tax purposes and not as an association taxable as a corporation. Advisory Clients intend to be classified as partnerships for federal income tax purposes. However, if an Advisory Client were to be classified as a "publicly traded partnership" it could be taxable as a corporation. In that case, its net income would be taxable, all items of income, gain, loss, deduction and credit would be reflected

only on that Advisory Client's tax returns and would not be passed through to the investors, and distributions to investors would be treated as dividend income to the extent of the Advisory Client's earnings and profits. In such event, cash distributions to investors would be reduced. The distributions would be considered dividends, and, under current law, would be taxable and, most likely, the tax liability of investors with respect to those distributions would be increased.

**There are other potential tax-related risks in an investment in an Advisory Client. Investors and prospective investors in Advisory Clients are advised to carefully review all tax risk factors set forth in the offering materials and Governing Documents.**

#### **Item 9 Disciplinary Information**

None of Mount Elbert, its affiliates, or any of their principals or employees (i) has ever been the subject of any legal, administrative or disciplinary action by any governmental or regulatory authority; (ii) has ever been the subject of any lawsuit or proceeding brought by a client or financial advisory firm; or (iii) has ever been the subject of any criminal proceeding.

#### **Item 10 Other Financial Industry Activities and Affiliations**

Neither Mount Elbert, nor any individual associated with Mount Elbert, is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Mount Elbert, nor any individual associated with Mount Elbert, is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or a trading advisor.

#### **Material Relationships and Arrangements**

The Affiliated Managers serve as managers or general partners to the Advisory Clients and, in connection therewith, hold membership interests, limited partnership interests, or general partner interests in the Advisory Clients. The Advisory Clients are generally pooled investment vehicles that issue securities to investors. In addition, employees of Mount Elbert (or its affiliates) may also invest directly in the Advisory Clients (or indirectly through an affiliate or co-investment vehicle). As noted above, the existence of the Manager Promote creates an incentive for Mount Elbert or the Affiliated Managers to make more speculative investments on behalf of an Advisory Client than it would otherwise make in the absence of such performance based compensation.

Affiliates of Mount Elbert may provide other real estate related services for certain real estate portfolio investments including, but not limited to, leasing, property management, development, construction management and financing services ("Real Estate Services"). Such affiliates will be entitled to receive compensation for such Real Estate Services pursuant to written agreements between Mount Elbert or its affiliates and certain of the Advisory Clients. Any agreements between Mount Elbert or its affiliates and any Advisory Clients for such Real Estate Services will be on terms and conditions that are commercially reasonable and substantially similar to those that would be available in an arm's length transaction. Mount Elbert will adhere to its fiduciary duties to its Advisory Clients when negotiating any agreements with its affiliates. Mount Elbert may also engage non-affiliate third parties to provide Real Estate Services.

Mount Elbert and its affiliates, including the Affiliated Managers, are, and are expected in the future to be, involved with multiple Advisory Clients that will have similar investment objectives and legal and financial obligations. Potential real estate investments may be attractive investment opportunities for multiple Advisory Clients. If such a situation arises, Mount Elbert will allocate such investment opportunities in a manner that they determine to be equitable under the circumstances or as otherwise required by applicable Governance Documents. Advisory Clients may also compete with each other in selling, leasing, exchanging and financing real estate and real estate-related investments. It is possible that one Advisory Client could be a buyer of a property or properties being sold by another Advisory Client. In resolving any conflicts of interest that may arise, Mount Elbert intends to exercise its best judgment as to what is fair and reasonable under the circumstances in accordance with applicable law, and will use its reasonable efforts to seek to align the interests of each Advisory Client with those of Mount Elbert and its affiliates. Mount Elbert will adhere to its fiduciary duties to Advisory Clients with respect to any conflicts of

interest.

#### Related Party Agreements

Each Advisory Client will use space at the offices of a Mount Elbert affiliate or will pay its proportionate share of rent, facilities costs, overhead and administration costs to that affiliate. Advisory Clients might hire affiliates of Mount Elbert to perform services, and Mount Elbert and its affiliates may transact business with an Advisory Client and, when doing so, will have the same rights and obligations as anyone who is not a related party. The Governing Documents require that transactions between an Advisory Client and Mount Elbert or any of its affiliates be made on arm's-length, commercially reasonable terms, including compensation terms.

An Advisory Client may acquire portfolio investments from affiliates of Mount Elbert through capital contribution, purchase and sale or otherwise. Any such transaction will require the approval of either the applicable Advisory Client's limited partners or members or the Advisory Client's independent investment advisory committee or board of directors and will be sought to be made on arm's-length, commercially reasonable terms.

#### Outside Business Activities of Related Persons

Mount Elbert and its principals will devote as much of their time and resources to the activities of each Advisory Client as they deem necessary and appropriate. Except as may be provided in the Governing Documents of an Advisory Client, there is no restriction on Mount Elbert, its principals or their affiliates entering into other relationships or engaging in other business activities, even though those activities may be in competition with an Advisory Client and/or may involve substantial amounts of their time and resources. Mount Elbert and its affiliates have existing business relationships with potential third-party operators, contractors, vendors and service providers from whom Advisory Clients might obtain goods and services.

Mount Elbert does not receive compensation, either directly or indirectly, from investment advisers for recommending or selecting such advisers for its clients.

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

Mount Elbert has adopted a code of ethics. Mount Elbert will provide a copy of the firm's code of ethics to any client or prospective client upon request.

The Mount Elbert code of ethics includes guidance for Mount Elbert employees and independent contractors who perform advisory functions on Mount Elbert's behalf regarding their obligations to act with integrity in their dealings with all Advisory Clients and their funds, includes related standards of conduct, standards for the protection of Mount Elbert and Advisory Client non-public information, guidance for personal conduct in order to avoid any actual or perceived conflicts of interest, and other standards and guidance in service of Mount Elbert's satisfaction of its fiduciary duties to all Advisory Clients.

As stated in Item 4, Mount Elbert may advise multiple Advisory Clients for whom a particular investment might be of interest. As stated in Item 10, one Advisory Client could be a buyer of a property or properties being sold by another Advisory Client. In resolving any conflicts of interest that may arise, Mount Elbert intends to exercise its best judgment as to what is fair and reasonable under the circumstances in accordance with applicable law, and will use its reasonable efforts to seek to align the interests of each Advisory Client with those of Mount Elbert and its affiliates. Mount Elbert will adhere to its fiduciary duties to Advisory Clients with respect to any conflicts of interest.

### **Item 12 Brokerage Practices**

#### Selecting Broker-Dealers



As a general matter, Mount Elbert invests in private transactions that are not executed on an exchange and does not utilize investment broker-dealers. If this were to change in the future, Mount Elbert would amend this brochure to explain such practice.

#### Soft Dollars

Mount Elbert does not receive soft dollar benefits.

#### Brokerage for Client Referrals

As a general matter, the Advisory Clients engage in private transactions that are not executed on an exchange and do not utilize investment broker-dealers.

#### Directed Brokerage

As a general matter, the Advisory Clients engage in private transactions that are not executed on an exchange and do not utilize broker-dealers.

#### Aggregating Client Accounts

As a general matter, the Advisory Clients engage in private transactions that are not executed on an exchange. However, one or more Advisory Clients may invest in the same private transaction.

### **Item 13      Review of Accounts**

Mount Elbert's Advisory Client accounts are under periodic review by the principals of Mount Elbert and other key employees, and no less frequently than monthly. Such reviews include (but are not limited to) a review of investment objectives. Mount Elbert also meets regularly with property managers, construction managers and corresponding site-level employees.

Except as may otherwise be provided in applicable Governing Documents, Mount Elbert does not typically provide reports to Advisory Clients. Investors in each Advisory Client will receive within 120 days after the end of each fiscal year an annual report containing (i) audited financial statements, (ii) a report on the Advisory Client's activities for such fiscal year, (iii) a report on any distributions and additional invested capital during such fiscal year, and (iv) a report setting forth the compensation paid and costs reimbursed by that Advisory Client to Mount Elbert and its affiliates during such fiscal year and a statement of the services performed in consideration of such compensation.

### **Item 14      Client Referrals and Other Compensation**

Mount Elbert does not receive an economic benefit from any non-Advisory Clients for providing investment advisory services.

An affiliate of Mount Elbert has engaged Jefferies LLC in connection with raising capital for certain Advisory Clients. Jefferies LLC will be compensated for referring certain investors to certain Advisory Clients.

### **Item 15      Custody**

Accounts and assets for investors in Advisory Clients are typically held in physical custody by unaffiliated broker/dealers or banks. However, with respect to certain assets, Mount Elbert does possess a level of authority and/or legal capacity and, for this reason, Mount Elbert is considered to have custody of such assets. Such capacity comes from Mount Elbert or its affiliates' ability to debit advisory fees from an investor's account and the legal capacity of Affiliated Managers for Advisory Clients. The Advisory Client investors are provided with audited financial statements within 120 days of such Advisory Client's fiscal year-end (December 31). Advisory Client investors should carefully review statements from the custodians and administrators, and should compare these statements to any information provided by Mount Elbert.

Advisory Clients generally use special purpose vehicles (“SPVs”) to make investments. In accordance with applicable SEC guidance, Mount Elbert generally treats the assets owned by the SPVs as assets of the relevant Advisory Client of which Mount Elbert has custody indirectly and therefore includes such assets within the scope of that Advisory Client’s financial statement audits.

Custodians will send statements directly to the account owners monthly and Advisory Client investors are provided with monthly statements from the independent fund administrator. Investors will receive annual reports from the Advisory Clients. These reports should be carefully reviewed. Investors are urged to compare such reports to the information provided in the audited financial statements prepared by the Advisory Clients’ auditors.

#### **Item 16 Investment Discretion**

Mount Elbert requires discretionary authority over Advisory Clients. Mount Elbert (or an affiliate) is retained by the Advisory Clients to render advice on matters relating to the acquisition, management and disposition of investments, in all cases, except as otherwise provided in the Governing Documents, subject to the direction, supervision and review of the Affiliated Managers. As Mount Elbert and the Affiliated Managers are under common control, in most instances the Affiliated Managers act upon the recommendations of Mount Elbert. The Governing Documents detail the investment strategy and the investment limitations applicable to each Advisory Client.

#### **Item 17 Voting Client Securities**

Mount Elbert understands and appreciates the importance of proxy voting. Due to the nature of Mount Elbert’s advisory business, proxy votes are unlikely to be received, and Mount Elbert does not expect to vote any proxies. However, in the event that a proxy is received with respect to securities held by an Advisory Client, Mount Elbert will seek to vote each proxy in the best interest of that Advisory Client and its investors. Mount Elbert’s proxy voting policies and procedures are designed to ensure that Mount Elbert identifies and resolves any material conflicts of interest that may arise during the proxy voting process. If a material conflict is identified, Mount Elbert will determine what course of action is in the best interests of the Advisory Client and will adhere to its fiduciary duty with respect to the Advisory Client.

#### **Item 18 Financial Information**

##### Prepayments

Mount Elbert does not require or solicit prepayments.

##### Financial Condition

Mount Elbert is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Advisory Clients or investors.

##### Bankruptcy

Mount Elbert and its affiliates have not been the subject of any bankruptcy petition.