

## Firm Brochure

### Resource Land Holdings LLC

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This brochure provides information about the qualifications and business practices of Resource Land Holdings LLC. If you have any questions about the contents of this brochure, please contact us at: (720) 723-2850, or by email at: [info@rlholdings.com](mailto:info@rlholdings.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. Resource Land Holdings is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Resource Land Holdings LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

April 2019

**Item 2: Material Changes**

Resource Land Holdings LLC (“RLH”) has not made the any material changes to this Brochure since the amended version was filed in March 2019.

We encourage all recipients of this Brochure to read it carefully in its entirety.

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

Resource Land Holdings LLC (“RLH” or “the Advisor”) was formed in 1998. RLH has more than 21 years of experience in sourcing, underwriting and managing real estate equity and debt investments in the United States. The owners of RLH are: B. Joseph Leininger, James W. Geisz and Aaron M. Patsch (collectively, the “Senior Managers”). As of December 31, 2018, RLH managed \$368,214,481 on a discretionary basis.

The Advisor provides investment advisory services to a private pooled investment fund (Resource Land Fund V, LP the “Fund”). The Fund advised by RLH is a private pooled investment fund organized primarily for the purpose of investing in agriculture, timber and mining properties and other real estate-related assets and securities in the U.S. The Advisor seeks to build sustainable partnerships and joint ventures with owners and managers in a variety of real estate-related asset classes around the country.

Within the private fund structure, there is a designated general partner (Resource Land Holdings V, LLC the “General Partner”). The General Partner is considered to be an affiliate of the Advisor for the purposes of this Brochure and is controlled by one or more of the Senior Managers.

RLH formulates the Fund’s investment objectives, and facilitates the acquisition, management, monitoring, and disposition of the Fund’s investments. The Advisor provides investment advice directly to the Fund and not individually to the Fund’s limited partners (“Investors”). RLH does not consider the Investors’ individual investment objectives when managing the Fund. RLH manages the assets of the Fund in accordance with the terms of the Fund’s private placement memorandum and individual limited partnership agreements (“Partnership Agreement”), or any other governing documents applicable to the Fund (together, the “Governing Fund Documents”). All terms are generally established at the time of the formation of the Fund and may only be amended, modified or waived in accordance with the Governing Fund Documents.

From time to time, the General Partner may enter into side letters (“Side Letters”) or other similar agreements with particular Investors with respect to the Fund without the approval of any other Investor in the Fund, which have the effect of establishing rights under, altering or supplementing the terms of the Fund’s Governing Fund Documents with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors in the Fund. Such Side Letters may entitle an Investor to make an investment in the Fund on terms other than those described in the Partnership Agreement. Any such terms, including with respect to (i) confidentiality, (ii) regulatory matters, (iii) reporting obligations, (iv) transfers to affiliates or (v) any other matters described therein, may be more favorable than those offered to any other Investors.

Investors do not participate in the investment decisions made by the Fund and may only make withdrawals from the Fund as permitted under very limited circumstances by the Governing Fund Documents.

The Fund expects to make investments through partnerships, joint ventures or other entities. Such investments may involve risks not present in direct property investments, including, for example, the possibility that a joint venture partner of the Fund might: (i) become bankrupt, (ii) have economic or business interests or goals which are inconsistent with those of the Fund, or (iii) be in

a position to take action contrary to the Fund's objectives. Additionally, the Fund may be liable for actions of its joint venture partners.

RLH is engaged in activities through other entities including the ongoing management and operation of properties in the same asset categories in which the Fund will invest. Certain of these entities have capital yet to invest, although such investments are limited to add-on investments or working capital injections. Investments would be made by these entities separately from the Fund. RLH, in its capacity as general partner of the managing member of these entities, will determine in its discretion the opportunities in which these entities may invest.

The Advisor may establish one or more parallel investment funds for certain types of investors, which will generally invest proportionately in all investments and dispose of investments on effectively the same terms and conditions as the Fund. Therefore, the interests of RLH, and the investors in other entities and any corresponding parallel funds may be consistent from time to time with, and in other cases may differ from, the interests of the Investors in the Fund. There is no guarantee Investors in the Fund will share in the same investment opportunities available to investors in other entities managed by RLH.

Limited partnership interests in the Fund are not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Fund is not registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests or shares in the Fund are offered and sold exclusively to Investors satisfying the applicable eligibility and suitability requirements for private placement transactions within the United States.

The fair values of the investments held by the Fund are estimated by RLH generally quarterly.

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

RLH provides investment advisory services to the Fund pursuant to an investment advisory agreement (the "Agreement"). The Agreement, along with the Governing Fund Documents, set forth the RLH entity which receives management or similar fees in connection with the investment advisory services provided by the Advisor to the Fund.

As its compensation for management services, RLH (or a designated affiliate) will be entitled to receive an annual management fee (the "Management Fee"), payable monthly in arrears, equal to 2% of (a) the Commitments, during the Fund's investment period, and (b) the aggregate capital contributions, less (i) distributions constituting a return of capital with respect to investments which have been disposed of and (ii) permanent write-downs and write-offs, for the remainder of the term of the Fund.

RLH, to the extent permissible by the Governing Fund Documents, reserves the right to waive or reduce Management Fees for certain Investors, including employees, a limited number of strategic partners, consultants and others as may be determined in RLH's sole discretion.

The General Partner of the Fund is also eligible to receive an allocation of carried interest. The Governing Fund Documents include further details on fees, compensation and related matters.

RLH's incentive compensation in the Fund's profits creates an incentive for RLH to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of any incentive compensation. As is the case with Management Fees, RLH, to the extent permissible under the Governing Fund Documents, reserves the right to waive or reduce the incentive fee for certain Investors, including employees, a limited number of strategic partners, consultants and others as may be determined in RLH's sole discretion.

All other fees, including directors' fees, commitment fees, break-up fees, monitoring fees, success fees and other similar remuneration, paid in connection with the Fund's investments to RLH, its affiliates or any employee of RLH, net of expenses, will be 100% offset against future Management Fees. Any reimbursement of the Advisor, its affiliates or any employee of the Advisor for out-of-pocket expenses incurred in connection with any Fund investment will not offset the Management Fee.

The Fund shall pay all organizational expenses incurred in connection with the formation of the Fund and the General Partner, the offering and sale of limited partner interests in the Fund and the negotiation, execution and delivery of the Partnership Agreement, including legal, accounting, consulting, marketing, mailing, travel and other start-up costs and expenses. The General Partner will bear the cost (through an offset against Management Fees or otherwise) of any organizational expenses in excess of \$600,000 and any placement fees payable to any placement agent in connection with the formation of the Fund. Limited Partners will not bear any such excess expenses or placement fees.

RLH or its affiliates shall be responsible for all normal administrative and overhead expenses of the Advisor and General Partner, including: all salaries, bonuses, benefits and expenses of the Advisor's employees; office expenses; and office and equipment rental. In addition to the Management Fee, the Fund will be responsible for all other costs and expenses of the Fund that are not reimbursed by third parties, including legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns and Schedules K-1; expenses of any Advisory Board; insurance; other expenses associated with the identification, investigation, acquisition, holding and disposition of its investments, including travel and entertainment expenses of the Advisor's employees incurred in investigating and evaluating investment opportunities (whether or not consummated) for, and managing investments of, the Fund; the costs of unconsummated investments and extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund.

RLH engages real estate or mortgage loan brokers as well as securities brokers from time to time. Fees associates with any brokers will be paid by the Fund.

Investors are encouraged, to the extent practicable, to inquire about and review all fees charged by RLH and others to fully understand the total amount of fees to be paid by the Fund and, indirectly, its Investors.

## **Item 6: Performance Based Fees and Side-by-Side Management**

As described above in the Fees and Compensation section, RLH or its affiliates receive performance-based compensation (incentive fees or carried interests). See Fees and Compensation

Section for a description of the performance-based compensation. Also, certain of RLH's supervised persons receive compensation that is directly tied to the aggregate performance of the Fund. The fact that a significant portion of RLH's and certain supervised persons' compensation is directly computed on the basis of profits creates an incentive for RLH to make investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such compensation. RLH manages this conflict of interest by ensuring that no single person makes material investment decisions for the Fund. In addition, the General Partner and one or more of the Senior Managers and other principals of RLH generally maintain interests in the Fund on the same basis as outside Investors (with the exception of any waived fees); this also serves to alleviate the incentive to engage in riskier or more speculative investments.

Additionally, in order to mitigate and opine upon potential conflicts of interest, the Fund has established an independent advisory committee (the "Advisory Board") consisting of Limited Partners unaffiliated with RLH who have been selected by the General Partner as representatives of the Fund's Limited Partners. The Advisory Board will provide such advice and counsel as is requested by the General Partner in connection with the Fund investments, potential conflicts of interest, and other of the Fund's matters. The General Partner, however, will retain ultimate responsibility for all decisions relating to the operation and management of the Fund, including, but not limited to, investment decisions. No fees are paid to the members of an Advisory Board, but the members are reimbursed for reasonable out-of-pocket expenses incurred in connection with attending meetings of an Advisory Board.

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

RLH provides investment management and advisory services to the Fund directly, subject to the direction and control of the affiliated General Partner of the Fund, and not individually to the Investors. Investors in the Fund may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), endowments, foundations, other pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities. The Fund is not registered under the Investment Company Act, in reliance on an appropriate exemption.

The minimum commitment for an Investor is outlined in the Governing Fund Documents; however the General Partner maintains discretion to accept less than the minimum investment threshold. Investors are required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors are required to make certain representations when investing in the Fund, including, but not limited to that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and that (iii) they have the ability to bear the economic risk of an investment in the Fund. Details concerning applicable Investor suitability criteria are set forth in the Governing Fund Documents and subscription materials, which are furnished to each Investor, or may otherwise be provided to RLH at the time of investment.

The General Partner or the Fund may enter into other written agreements ("Side Letters") with one or more Investors. Such Side Letters may entitle an Investor to make an investment in the Fund on terms other than those described in the Partnership Agreement. Any such terms, including with respect to (i) confidentiality, (ii) regulatory matters, (iii) reporting obligations, (iv) transfer to

affiliates or (v) any other matters described therein, may be more favorable than those offered to any other Investors.

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

The objective of RLH is to capitalize on perceived dislocations in the natural resource and vacant land real estate markets through the acquisition and, in certain instances, development of real estate assets that may be undervalued. Key to this strategy is the management of risk by seeking to return capital from each investment as soon as possible through partial sales of peripheral assets, while retaining core components of value. RLH generally seeks a path to capital recovery within five years, leaving an investment with a lowered cost basis in core assets that provide current returns, prospects for significant capital appreciation, or, often, both.

Although RLH seeks to add value to its properties through enhanced production, marketing strategies and land entitlements, its priority is to recover capital through operating cash flows or rents, partial property sales and on occasion debt refinancing. The Fund's guidelines permit investment in a variety of debt, equity, or other interests relating to real estate assets, real estate companies, and real estate-related securities and businesses.

Through the Fund, RLH pursues a broad range of natural resource and vacant real estate, real estate related assets and in certain instances natural resource real estate based companies. Properties suitable for environmental mitigation and conservation, mining reclamation, environmental remediation, water sales, ranchette subdivisions, hunting clubs, mid-stream agricultural assets (packing, processing and storage assets), power generation, oil and gas related assets and real estate service companies are examples of such other assets. RLH sources its investments through a network of growers, packers, processors, operators, property managers, lenders and brokers, who provide a window into regional opportunities in specific land classes.

In seeking to isolate risks to individual projects, the Fund will use reasonable efforts to invest through a special purpose entity that offers limited liability to its owners, to the extent appropriate. The investment may be in equity or debt securities issued by a special purpose entity that owns a target property or is newly-formed by the Fund to acquire the property. However, in some cases (e.g., investments in existing real estate service companies), a company in which the Fund invests may not strictly qualify as a "special purpose entity" and the Fund may not form a new entity to make such investment, provided RLH reasonably determines that the target company offers adequate limited liability protection to equity owners.

The Fund generally acquires an interest in each investment that confers sufficient control so that the General Partner can supervise its operations as well as influence the material terms and timing of its disposition. The investment may be in the form of debt or equity securities and may represent a minority interest in the debt or equity of the property-owning entity, provided that the requisite element of supervision and influence is available. RLH generally expects the Fund to use non-recourse debt (subject to customary non-recourse carve-outs) at the project level, although the Fund will also have the ability to guaranty certain debt. The use of leverage offers the opportunity to enhance investment returns as well as to increase the size of individual investments that can be undertaken and the aggregate value of investments that can be held by the Fund.



An investment in the Fund involves substantial risks. The risk factors set forth below are not intended to be an exhaustive list of the general or specific risks involved, but merely to identify certain risks that are now foreseen by the Fund. Other risks, not now foreseen, might become significant in the future and that the risks which are now foreseen might affect the Fund to a greater extent than is now foreseen or in a manner not now contemplated. In light of the risk factors discussed below, among others, an investment in the Fund is suitable only for Investors of substantial financial means who have no need for liquidity to the extent of their investment in the Fund and can afford a total loss of their investment. Each Investor should review the Governing Fund Documents and consult his or her own professional advisors as to the legal, tax and related matters concerning an investment in the Fund.

### **Risks of Leverage**

The Fund may finance up to 100% of the purchase prices of its properties on a short term basis and replace such financing in part with non-recourse, secured long-term borrowing. Payments under mortgage notes will be due regardless of whether there is any income from the properties. If required payments of principal and interest are not made on the mortgage notes and the holders of the mortgage notes foreclose, the Fund may sustain a loss on its investments. Investors in the Fund may also be subject to adverse tax consequences as a result of foreclosures.

### **Investments in Partnerships, Joint Ventures and Other Entities**

The Fund expects to make investments through partnerships, joint ventures or other entities. Such investments may involve risks not present in direct property investments, including, for example, the possibility that a joint venture partner of the Fund might: (i) become bankrupt, (ii) have economic or business interests or goals which are inconsistent with those of the Fund, or (iii) be in a position to take action contrary to the Fund's objectives. Additionally, the Fund may be liable for actions of its joint venture partners.

### **Development Risks**

The Fund may make investments in certain properties involving infrastructure, residential and commercial development that will be subject to all of the risks normally associated with development activities. Such risks include, without limitation, risks relating to (i) the availability and timely receipt of regulatory approvals, (ii) the cost and timely completion of construction (including risks beyond the control of the Fund, such as weather or labor conditions or material shortages) and (iii) 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 investment and on the amount of funds available for distribution to the Fund's Investors.

### **Debt Investments**

The Fund may make certain debt investments. Investments in debt are subject to various creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under the relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any underlying company or property, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or distressed exchange, can significantly diminish the value of the Fund's investment in any such company or property. Debt investments may also be adversely affected by changes in

interest rates. In general, the market value of a debt investment will change in inverse relation to an interest rate change where a debt investment has a fixed interest rate or only limited interest rate adjustments. Accordingly, in a period of declining interest rates, debt investments without adequate call protection may benefit less than other fixed income securities due to accelerated prepayments. Interest rate changes may also affect the Fund's return on new investments. If there is a period of declining rates prior to the end of the Investment Period, the amounts becoming available to the Fund for investment due to repayment of its investments may be re-invested at lower rates than the Fund had been able to obtain in prior investments. Increases in the interest rates on debt incurred by the Fund in originating or acquiring investments may not be reflected in increased rates of return on the related investments, adversely affecting the Fund's return on those investments. Accordingly, interest rate changes may adversely affect the total return on the Fund's investment.

### **Uninsured and Underinsured Losses**

Uninsured and underinsured losses could harm the Fund's financial condition, results of operations, and ability to make distributions to its Investors. Various types of catastrophic losses, such as those due to riots, nuclear reaction, terrorist acts, earthquakes, fires, floods, freezes, hail, hurricanes, droughts, severe frost, disease, pests, pollution or environmental matters, generally are either uninsurable or not economically insurable or may be subject to insurance coverage limitations, such as large deductibles or co-payments. In the event of a catastrophic loss, the Fund's insurance coverage may not be sufficient to cover the full current market value or replacement cost of its lost investment. Should an uninsured loss or a loss in excess of insured limits occur, the Fund could lose all or a portion of the capital it has invested in its investments, as well as the anticipated future revenue from such investments. In that event, the Fund might nevertheless remain obligated for any borrowings payable or other financial obligations related to the investment, in addition to obligations to the Fund's or investments, vendors, royalty owners, service or equipment providers. Inflation, changes in real estate regulations and ordinances, environmental considerations, provisions in loan documents encumbering the properties of the Fund pledged as collateral for loans, and other factors might also keep the Fund from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds the Fund receives might be inadequate to restore the Fund's economic position on the damaged or destroyed investment.

### **Risks of Property Ownership**

An investment in the Fund will be subject to risks incident to the ownership of real property, in general, and to risks incident to the ownership of timberland, agricultural land, mineral land, land with other valuable resources such as water, office buildings, and other commercial properties, in particular. These risks include changes in general or local economic conditions, general or local supply and demand factors, general climatic conditions, interest rates, availability of mortgage funds, real estate taxes and other operating expenses, environmental changes, acts of God (which may result in uninsured losses), local employment conditions, domestic and foreign competition, prevailing prices for timber, agricultural products, minerals and water, and other factors, which are beyond the control of the Fund and the General Partner. Inflationary factors, if any, and shortages of supplies could increase operating expenses beyond expected levels and may have a secondary effect on property taxes, among other things. The market prices of timber, agricultural products, minerals and water may either increase or decrease and the market price for the investment assets may increase or decrease.

### **Mining Sector Investments**

The Fund may make investments in the mining sector. While the General Partner has experience in this sector, the ultimate performance of any assets acquired by the Fund cannot be predicted with certainty. Although the General Partner will attempt to mitigate such risks, the development, production, transportation, and marketing of natural resources is subject to many risks and an investment that depends upon the continued and long-term success of these activities is inherently uncertain. Acquisitions in the mining sector may be affected by a number of factors not present with other acquisitions, including, without limitation, local and global commodity price fluctuations, government regulation, environmental issues, shifts in supply and demand for resources, land use and title issues, import and export duties and other trade issues, changing macroeconomic conditions, changes in fuel and other input prices and labor issues. Furthermore, the assets that the Fund may acquire are inherently subject to numerous risks arising from their operations. For example, mining companies face risks that include, without limitation: the uncertainty of estimating reserves and their value; the risks of conducting mining operations (including risks of substantial losses to properties, bodily injury and environmental damage arising from operations that do not proceed as planned and the risk of failing to find commercially productive reserves); risks of compliance with environmental regulations; and other regulations governing the production of natural resources; and risks of catastrophic and other force majeure events.

### **Adverse Weather Conditions; Natural Disasters; Disease and Pests**

Adverse weather and other natural disasters may damage or destroy timber, agricultural plantings and improvements on real estate and may also interfere with the processing and delivery of forest products, which could have serious adverse consequences to the business of the Fund, depending upon its severity, duration and subsequent weather patterns. In addition, fire, flood, frost, drought, disease and pests or soil infertility can affect timber and agricultural plantings on real estate and thus have severe adverse consequences on the business of the Fund. Disease and pest control methods are not always successful and, in addition to posing difficult environmental compliance problems, can be very expensive.

### **Competition and Market Uncertainties**

The timber, agricultural, mineral and water-related industries are or can become very competitive. To achieve its investment objectives, the Fund will rely heavily on the leadership of its in-house personnel but it will still need to engage key professionals and equipment and service providers to complete its established development plans. To secure services the Fund will compete with numerous other companies, some of which may have greater financial resources and technical staff expertise than may be available to the Fund. As a result, there can be no assurance the Fund will be successful in its various operations. Other competitive factors generally include price, species and grade of timber, proximity to consuming facilities, ability to meet delivery requirements, availability of substitute products, and supply and demand in the relevant market area. In addition, timber is subject to increasing competition from a variety of non-wood products. The Fund will compete with numerous private industrial and non-industrial land and timber owners in the United States. In addition, during the term of a Fund investment, the Fund may experience increasing competition from currently underutilized sources of supply and underutilized species of wood and agricultural plantings.

### **Hedging Arrangements**

The Fund may seek to reduce exposure to the volatility in commodity prices by actively hedging a portion of production. Certain types of hedging contracts could prevent the Fund from receiving the full advantage of increases in commodity prices above the fixed amount specified in the hedge

agreement. In a typical hedge transaction, the Fund has the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the quantity hedged. If the floating price exceeds the fixed price, the Fund must pay the counterparty this difference multiplied by the quantity hedged even if the Fund had insufficient production to cover the quantities specified in the hedge arrangement. Accordingly, if the Fund has less production than it has hedged when the floating price exceeds the fixed price, the Fund must make payments against which there are no offsetting sales of production. If these payments become too large, the remainder of the Fund's business may be adversely affected. In connection with the consummation of certain investments, the Fund may employ hedging techniques designed to protect the Fund against adverse movements in currency exchange or interest rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks or react to movements in currency exchange or interest rates differently than originally expected. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions. Furthermore, the Fund will be exposed to counterparty risk in connection with hedging arrangements, and if a counterparty fails to perform, the hedge may be of no value to the Fund.

### **Ability to Resell the Property; No Assurance of Property Appreciation or Profits**

The resale potential of the investment assets will be affected by those conditions that affect the value of real estate in general, including the possibility of increased interest rates, declining real estate values, low demand for various types of real estate, changes in demographics, changes in tax laws affecting real estate owners, competition from other properties located in the area, zoning changes, or unfavorable general or local economic conditions. Although the Fund in some cases will be seeking real estate that it anticipates will be in the path of development or other resale potential, there can be no assurance that any of the properties acquired by the Fund will be developed for residential, commercial or any other purpose or increase in value during the time period anticipated by the Fund or at any time. Further, no assurance can be given that there will be a ready market for these properties at the time the Fund elects, or is forced, to sell. All investments in real property are illiquid.

### **Difficulty of Locating Suitable Investments**

The activity of identifying, completing and realizing on appropriate investments is highly competitive and involves a high degree of uncertainty. The Fund will be competing for investments with other investors, including individual investors, other partnerships, institutional investors and publicly held real estate companies. There can be no assurance that the Fund will be able to locate and complete investments that satisfy the Fund's investment criteria and rate of return objectives or realize upon their values or that it will be able to fully invest its available capital. However, the Fund's Investors will be required to pay annual Management Fees during the Investment Period that are based on the entire amount of their Commitments.

### **Environmental and Contingent Liabilities**

The Fund could face substantial risk of loss from environmental claims based on environmental problems whether caused by operations or present at the time of acquisition. The Fund may, but is not obligated to and in certain instances may not be able to, purchase adequate insurance to cover such risks. Also, in connection with the disposition of a property, the Fund may be required to make representations about any contingent liabilities inherent in the real estate, such as environmental clean-up costs. The Fund also may be required to indemnify the purchasers of Fund properties to

the extent that any such representations are inaccurate. The Fund's operations could result in liability for personal injuries, property damage, discharge of hazardous materials, remediation and clean-up costs, and other environmental damages. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. As a result, substantial liabilities to third-parties or governmental entities may be incurred, the payment of which could have a materially adverse effect on the Fund's financial condition and results of operations. These arrangements may result in contingent liabilities for which the Fund may establish reserves or escrows.

### **Multi-Step Acquisitions**

In the event the Fund chooses to effect a transaction by means of a multi-step acquisition, there can be no assurance that the remainder can be successfully acquired. This could result in the Fund having only partial access to its cash flow to service debt incurred in connection with the acquisition.

### **Foreign Investments**

The Fund anticipates making investments in a number of different foreign countries, some of which may prove to be politically unstable. With any investment in a foreign country, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war. Furthermore, in the case of investments in foreign securities or other assets, any fluctuation in currency exchange rates will affect the value of the investments, and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency, in some cases requiring the need for governmental consents. In addition, laws and regulations of foreign countries may impose restrictions or approvals 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. The General Partner will analyze risks in the applicable foreign countries before making such investments, but no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Fund.

### **Investment in Distressed Assets**

The Fund may make investments that either are or become non-performing or otherwise troubled. These investments may experience financial difficulties that may never be overcome. The Fund's investments are likely to be subject to the prior interests of a mortgage lender, which could foreclose on its mortgage (and wipe out the Fund's investment) if a mortgage default occurred. Investments in properties operating under the close supervision of a mortgage lender or under certain bankruptcy laws are, in certain circumstances, subject to certain additional potential liabilities, which may exceed the value of the Fund's original investment. In addition, lenders who have inappropriately exercised control over 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. The rights the Fund may obtain in connection with certain investments in the event the General Partner determines to operate the Fund as a "venture capital operating company" or a "real estate

operating company” under ERISA may increase the risk of lender liability. In addition, under certain circumstances, payments to the Fund and distributions by the Fund to the Fund’s Investors may be required to be returned if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

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

Neither RLH nor any of its officers, directors, employees or other management persons has been involved in any legal or disciplinary events that would require disclosure.

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

RLH organized and sponsored Citrus Land Holdings I, LLC, Alco Land Holdings, LLC and the Resource Land Funds (the “RL Funds I-IV”), which are investment vehicles that invest in real estate assets. These investment vehicles managed and controlled by RLH are not investment advisory clients of RLH. RLH, in its capacity as managing member of RF Funds I, II and III, and general partner of the managing member of RLF IV, is responsible for all ultimate decisions regarding real estate transactions of RL Funds I-IV and have full discretion over the management of the Funds’ activities.

RLH organized and sponsors the Fund, which is a private investment company. The Fund is controlled by its General Partner. The General Partner will be responsible for all ultimate decisions regarding transactions of the Fund and have full discretion over the management of the Fund’s investment activities. The General Partner is not separately registered as an investment adviser with the SEC; the Advisor will provide all investment advisory services to the Fund subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the General Partner are subject to the supervision and control of the Advisor. Thus, the General Partner and all of the persons acting on their behalf would be “persons associated with” the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the General Partner.

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

Pursuant to Rule 204A-1 of the Advisers Act, the Advisor has adopted a written Code of Ethics (the “Code”) predicated on the principle that RLH owes a fiduciary duty to the Fund. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of the Advisor involved in the management of the Fund (the “Advisory Employees”). The Advisor requires Advisory Employees to act in the Fund’s best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper.

The Advisor, and Advisory Employees, execute transactions for their own accounts, subject to restrictions and reporting requirements as required by law and any relevant Governing Fund Documents or as otherwise determined from time to time by the Advisor. Execution of such transactions may be a conflict of interest. To mitigate this conflict, RLH monitors certain transactions.

The Advisor prohibits Advisory Employees from timing their personal trades to precede orders placed for the Fund, if any, and does not permit trading activity that is so excessive as to conflict with the Advisory Employee's ability to fulfill daily job responsibilities. The Code also requires pre-clearance before purchasing an IPO or limited offerings (e.g., private placements); requires periodic reporting of Advisory Employees' personal securities transactions and securities holdings; and requires prompt internal reporting of Code violations. RLH endeavors to maintain current and accurate records of all personal securities accounts of Advisory Employees in an effort to monitor all such activity. A copy of the Code is available upon request.

Certain transactions in which RLH engages require, for either business or legal reasons, that no Advisory Employees trade in the subject securities for specified time periods. Such securities will appear on a list (the "Restricted List") that will be circulated to all Advisory Employees. No Advisory Employee may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the CCO.

RLH and its related persons are Investors in the Fund (on terms different to those offered to unaffiliated Investors) or will otherwise have interests in the Fund (e.g., the General Partner for the Fund is 100% owned by related persons of RLH). As previously described in the Fees and Compensation section, RLH receives incentive compensation from the Fund, which creates a conflict of interest, and has sought to mitigate this conflict. See the Fees and Compensation section.

Advisory Employees are permitted to make personal investments in real estate related securities and assets or private placements, subject to the restrictions of the Code, as described above.

RLH and Advisory Employees provide gifts and gratuities to various individuals or entities such as clients, vendors, consultants, and service providers in the normal course of business. These gifts, gratuities and contributions are not premised upon any specific investor referrals or any expectation of any other type of benefit to RLH. The Advisor has adopted detailed procedures requiring reporting and recordkeeping of gifts and gratuities. The Advisor and Advisory Employees also may make political contributions to persons who serve or seek to serve in elected capacities with certain public entities. These political contributions are permitted only in compliance with the SEC's rule prohibiting "pay-to-play" activities adopted under Rule 206(4)-5 of the Advisers Act and any applicable state, local or governmental-plan level requirements.

## **Item 12: Brokerage Practices**

RLH invests the Fund's assets almost exclusively in debt and equity investments in real estate and real estate related securities and businesses.

RLH recognizes that the analysis of securities execution and implementation quality involves a number of factors, both qualitative and quantitative. Although RLH does not ordinarily engage financial intermediaries in connection with securities transactions for the Fund, if it does so, RLH will take into account a range of applicable factors (depending on the securities transaction) when hiring broker-dealers or other intermediaries for the purpose of completing said transactions. Factors include general expertise and background, the type and size of the transaction involved, the stability or solvency of the service provider or counterparty, settlement capabilities, time required to complete the transaction, and/or any arrangements relating to overall performance in the best interest of the Fund.

RLH will seek best execution for transactions; however, RLH is not required to obtain the best possible price for transactions. In addition to price, RLH will consider the qualitative factors described in the preceding paragraph in order to seek best overall execution. Regarding price, Advisory Employees involved in securities transactions on behalf of the Fund will consider at the time of such transactions local market compensation for and the scope of services provided by financial intermediaries if such intermediaries are used. The CCO will review, at least annually, the brokered securities transactions, if any, effected on behalf of the Fund in order to attempt to assess whether the fees paid by the Fund are reasonable in light of the services received.

RLH does not participate in any soft dollar arrangements, and it does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with the Fund's securities transaction.

RLH has established policies and procedures regarding the handling of trade errors in the Fund (e.g., the purchase or sale of a security in the wrong amount, or contrary to the Fund's investment objectives). If a trade error does occur as a result of RLH's gross negligence, willful misconduct, or fraud, such error will be corrected as soon as practicable and in such a manner that the Fund incurs no loss. Trade errors resulting from other than a breach of care by RLH will be borne by the Fund. To the extent that any trade error results in a gain to the Fund, the Fund will retain any such gain.

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

The General Partner for the Fund has ultimate responsibility for all investment decisions, and will continuously review each Fund on an ad hoc basis.

In addition, the CCO will review the Fund's investment activities periodically to ensure compliance with investment objectives and any investment restrictions set forth in the Governing Fund Documents.

Investors will receive annual audited financial statements for the Fund. Investors also received unaudited capital account statements directly from RLH, as well as information necessary for the preparation of tax returns.

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

RLH or its related persons engage third party placement agents (e.g., solicitors) to introduce prospective Investors to the Fund. RLH will seek to comply with Rule 206(4)-3 under the Advisers Act (the "cash solicitation rule") to the extent the cash solicitation rule is applicable to the use of placement agents by pooled investment vehicles such as the Fund.

### **Item 15: Custody**

RLH has access to client accounts (i.e., the Fund) because an affiliate serves as the General Partner of the Fund. Investors will not receive statements from any custodians. Instead, the Fund is subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial



statements are distributed to each Investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Fund's fiscal year end.

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

In addition to the General Partner, RLH also has investment discretion over the Fund's assets, in accordance with the Governing Fund Documents. As noted above, the Fund's General Partner is an affiliate of RLH. The Governing Fund Documents generally set forth certain limitations with respect to the management of the Fund and the activities of RLH. Investors may enter into Side Letters with RLH, as described in the Types of Clients section. These agreements may have the effect of limiting certain of RLH's activities.

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

RLH invests the Fund's assets generally in real estate related assets and securities. Voting is generally not applicable for these types of investments. However, RLH may periodically exercise voting authority with respect to securities held by the Fund or with respect to investments held by the Fund. In those instances, RLH will vote in the best interest of the Fund and in accordance with its fiduciary duty to the Fund.

If there is an actual or potential material conflict of interest in connection with a prospective vote, such conflict will be resolved in accordance with the governing documents of the Fund and RLH's policies and procedures. RLH will not neglect its voting responsibilities, but RLH may abstain from voting in any instance if it deems that such abstention is in the Fund's best interests.

RLH will determine on a case-by-case basis whether the Fund will participate in class actions.

Investors cannot direct RLH's votes. However, they can obtain information on how RLH voted by contacting the CCO. They can also obtain a copy of RLH's proxy voting and class action policies and procedures by contacting the CCO.

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

RLH is not required to provide an audited balance sheet because it does not solicit fees more than six months in advance and does not have a financial condition that is likely to impair its ability to meet contractual commitments to the Fund or Investors. RLH has not been subject to any bankruptcy proceeding during the past 10 years.