

Banner Oak Capital Partners, LP

Investment Adviser Brochure

Part 2A of Form ADV

5950 Sherry Lane, Suite 520
Dallas, Texas 75225

March 25, 2019

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Banner Oak Capital Partners, LP (the “Management Company”). If you have any questions about the contents of this brochure, please contact us at (214) 466-8860. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Management Company is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This Brochure contains information about Banner Oak Capital Partners, LP and its affiliates. Since the last version of this brochure dated March 27, 2018, this Brochure has been revised to reflect updates regarding (a) the amount of regulatory assets under management by Banner Oak Capital Partners, LP and its affiliates, (b) the types of fees that may be paid to Banner Oak with respect to certain Funds (please see “Fees and Compensation” and “Performance Based Fees and Side-by-Side Management” below) and (c) a description of the revolving credit facilities that may be utilized by certain Funds and the risks associated therewith (please see “Methods of Analysis, Investment Strategies and Risk of Loss” below).

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Advisory Business

Banner Oak Capital Partners, LP, a Texas limited partnership (the “Management Company” and together with its affiliated entities, “Banner Oak”), commenced operations in 2016 with its office headquarters in Dallas, Texas. The Management Company’s general partner is Banner Oak Capital GP, LLC, which is owned and controlled by Patricia L. Gibson and Geoffrey D. Osborn (the “Principals”).

The general partner of each Fund (defined below), and any other future general partner of a Fund (as defined below) (each, a “General Partner”) are, or will be, registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure describes the business practices of the Management Company and each General Partner, which together operate as a single advisory business. No General Partner has personnel other than those persons associated with the Management Company.

Banner Oak provides discretionary investment advisory services to their clients, which consist of investment funds privately offered to qualified investors in the United States and elsewhere (each, a “Fund,” and together with any future private investment fund for which the Advisers provide investment advisory services, the “Funds”). The Funds may (i) invest in or create real estate operating and development companies and their subsidiaries (“Operating Companies”) that will source, acquire and manage real estate assets; (ii) invest into real estate assets on a side-by-side basis with the Operating Companies; or (iii) invest directly into real estate assets. Banner Oak may establish one or more affiliated co-investment vehicles, comprised of the Principals and employees of Banner Oak, to invest “side-by-side” with the Funds.

Banner Oak’s investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately achieving dispositions for such investments. Additionally, Banner Oak will generally oversee the Funds’ assets in accordance with the terms of its advisory or management agreements, confidential offering and/or private placement memoranda, limited partnership agreement and other governing documents applicable to each Fund (the “Governing Documents”). Investment advice and management is provided directly to the Funds and not individually to the limited partners of or investors in the Funds (the “Investors”). All investment restrictions are described in the Governing Documents. Investors should review the Governing Documents for additional information regarding the Funds in which they have invested.

As of December 31, 2018, Banner Oak managed on a discretionary basis \$3,099,267,797 in regulatory assets under management on behalf of the Funds.

Fees and Compensation

General

In general, Banner Oak typically receives management fees and expense reimbursements, and in the case of certain Funds, carried interest distributions and/or acquisition fees, in connection with advisory services they provide to the Funds, all in accordance with each Fund's Governing Documents. Investors should review the relevant Governing Documents to fully understand the total amount of fees to be paid by a Fund and, indirectly, by its Investors. See "Performance-Based Fees and Side-by-Side Management" below for a further discussion of fees and the potential conflicts of interest they can create.

Management Fees

As described in the applicable Fund's Governing Documents, each Fund will pay to the Management Company a management fee (the "Management Fee"). The Management Fee for certain Funds is a fixed amount while the Management Fee for certain other Funds is based on a percentage of the lesser of (a) the net asset value of such Funds and (b) aggregate capital contributions to such Funds used to make investments less (i) in the case of a complete sale or recapitalization of any Fund investment, the capital contributions to such Fund in respect of such investment; (b) in the case of a partial sale or recapitalization of any Fund investment, an allocable portion of the capital contributions to such Fund in respect of such investment; and (c) the aggregate capital contributions to such Fund in respect of investments that have become worthless or have been written down, to the extent written off or written down, as applicable. Management Fees are generally payable quarterly in advance on the first day of such calendar quarter from cash receipts on hand that would otherwise constitute net cash flow from investments made. To the extent any such cash receipts are insufficient for such purposes, the Management Fee may be payable from capital newly drawn.

Carried Interest

Under the terms of certain Funds' Governing Documents, the General Partner of each such Fund will generally be entitled to receive "carried interest distributions" from the applicable Fund equal to a share of the profits distributed by the applicable Fund to its Investors, after the recovery of capital and payment of a specified return thereon. Additional information regarding these carried interest distributions is provided under "Performance-Based Fees and Side-by-Side Management" below.

Acquisition Fees

Under the terms of certain Funds' Governing Documents, in consideration for services performed in sourcing and underwriting the real estate investments acquired by each such Fund (including the initial formulation of the business plan and value creation plan in relation to such real estate asset investments), the Management Company will be entitled to receive an

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acquisition fee at the time of the closing of the acquisition of a real estate asset investment equal to a percentage of the total approved project costs for such investment.

Overhead Expenses

Banner Oak will generally pay all of its own ordinary administrative and overhead expenses, including office space, office supplies and equipment and compensation and employee benefits for their employees.

Other Fund Expenses

The Funds will generally pay, or will generally reimburse Banner Oak for, other expenses of the Funds, as set forth in applicable Governing Documents. Such expenses generally include:

- accounting, audit, tax, legal, insurance, engineering, surveying, entitlement, brokerage, market research, title, consulting, appraisal, valuation, property management, development, loan servicing, collateral management, and other services provided to the applicable Fund and Banner Oak (other than services provided by full-time employees of Banner Oak or affiliates thereof receiving a salary for such services);
- the evaluation, inspection and due diligence of or for potential investments, including associated travel costs;
- the origination, acquisition, ownership, maintenance, servicing, management, operation, use, lease, entitlement, preservation, enhancement, improvement, development, financing, valuation, marketing, or sale or other disposition of any investment, and all indemnification expenses and administrative expenses of the Funds;
- out-of-pocket costs and expenses associated with the management of the advisory board of the applicable Fund or the applicable Fund's participation in the management of Operating Company affairs; and
- other third-party, out-of-pocket costs and expenses reasonably incurred by Banner Oak in connection with the performance of its duties to the Funds.

Each of the Funds is required to reimburse Banner Oak for the foregoing costs and expenses promptly after they are incurred. As a practical matter, because Banner Oak is responsible for the conduct of the business of the Funds, Banner Oak has discretion regarding the timing of reimbursement payments to Banner Oak.

Termination of Services

The ability of Investors in the Funds to withdraw is limited by the terms of the applicable Governing Document. The ability of such Investors to terminate the obligation to pay applicable

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Management Fees or carried interest distributions (if applicable) or to terminate their investment in the Fund is consequently limited.

Revenue Sharing

Banner Oak has entered into a revenue sharing agreement with a public pension plan whereby the pension plan shares revenue from Management Fees and carried interest distributions (if applicable) received by Banner Oak from certain of its Funds. The pension plan is an Investor in certain of the Funds but does not perform investment management services with respect to any such Fund or other Banner Oak client.

Performance Based Fees and Side-by-Side Management

As described above under “Fees and Compensation,” Banner Oak receives carried interest distributions based on the profit distributions to Investors from certain of the Funds and/or acquisition fees from certain Funds. The fact that a significant portion of Banner Oak’s compensation (and its investment professionals’ compensation) is directly tied to profit distributions or acquisition fees generated by such Funds may create an incentive for Banner Oak and such professionals to make investments on behalf of such Funds that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the payment of carried interest by such Funds at varying rates or acquisition fees may create an incentive for Banner Oak to disproportionately allocate time, services or functions to such Funds paying carried interest at higher rates or acquisition fees. For additional information on certain potential conflicts of interest see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below.

Types of Clients

The Management Company provides management and discretionary investment advisory services directly to the Funds, subject to the direction and control of the General Partner of each Fund. In each case, the Management Company does not provide advisory services individually to the Investors. Investors in the Funds may include, but are not limited to, governmental or corporate pension funds, university or similar endowments, funds of funds, other institutional investors, high net worth individuals and foundations.

The Funds may impose a minimum initial investment requirement, which varies from Fund to Fund. However, Banner Oak may waive any such requirement at its sole discretion. In addition, the Funds may enter into separate agreements, commonly referred to as “side letters,” with certain Investors, to provide such Investors with additional or different terms than those specifically described in the Governing Documents. These side letters primarily relate to laws, policies and procedures applicable only to specific Investors and not all Investors. However, under certain circumstances, these side letters could create alternative fee arrangements or preferences or priorities for such Investors with respect to other Investors.

Investors are typically required to meet certain suitability qualifications as described in the applicable Fund’s Governing Documents, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors will be required to make certain representations when investing in a 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 respective Fund’s offering documents and subscription materials, which are furnished to each prospective Investor.

Methods of Analysis, Investment Strategies and Risk of Loss

In advising the Funds, Banner Oak seeks to achieve equity returns for the benefit of the Funds and their Investors by investing in Operating Companies that will source, acquire and manage real estate assets. The Funds may also invest into real estate assets on a side-by-side basis with the Operating Companies or directly into real estate assets. ***There can be no assurance that the investment objectives of the Funds or any other client of Banner Oak will be realized or that investments made on behalf of any of the foregoing will result in a return of capital or profits.***

General Investment Strategy

The Funds focus on investing in a diversified portfolio of assets with the goal of creating and enhancing asset value through active management and the generation of recurring annual cash flow. Banner Oak utilizes a research driven approach, evaluating macroeconomic trends and real estate fundamentals in targeting its investment strategies. Structures include platform investments in Operating Companies, co-investments in assets alongside these Operating Companies and investments into real estate assets on a direct basis. Certain key elements of Banner Oak's investment strategy are as follows:

Investment Structure – Operating Company Format. Under the Operating Company investment format, Funds invest in platforms with experienced management teams, integrated operational capabilities and expertise in specific product types or geographic locations. Banner Oak believes that this investment format allows it to leverage the experience and expertise of Operating Company management in a number of separate real estate investment platforms with resident local market knowledge and value creation capabilities. These platforms are designed to generate a pipeline of proprietary investment opportunities for the Funds. Each potential operator must have a demonstrated ability to execute its investment strategies, including as a prior principal of a comparable platform or a prior executive of a real estate company active in the sectors and markets being considered for investment. For certain strategies, the operator will need to understand complex financial structures and be able to invest at different levels in the capital structure of real estate projects.

Investment Structure – Direct Investing. Certain Funds invest capital alongside Operating Companies directly into assets that the Operating Companies manage. These capital investments afford the Funds access to real estate investments sourced and managed by Operating Companies whom Banner Oak has determined warrant expansion while also achieving greater scale in the portfolios for the Operating Companies. Certain Funds are designed to hold real estate assets for terms longer than typically underwritten with the Operating Companies. Such Funds may either acquire existing assets out of Operating Company portfolios or engage in ground up development of assets alongside Operating Companies and redeem the interests of the Operating Companies (in whole or in part) in such assets following stabilization, subject to providing objective pricing mechanisms acceptable to all applicable Investors.

Market Focus. Banner Oak targets investments located predominantly in long-term, high-growth markets in the United States with favorable supply and demand fundamentals. Banner Oak seeks

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to leverage its established relationships with local operating teams to provide on-the-ground local market knowledge and allow for value creation through development, repositioning and active management. Certain Funds may invest in one or more specific regions or markets, as set forth in such Fund's Governing Documents.

Sector Focus. Banner Oak's strategy is to invest with operating teams that have a track record of creating real estate value and cash flow in their targeted sector. Current and projected market fundamentals, trends and historical volatility are evaluated in each sector. Sectors may include:

- Multifamily;
- Industrial;
- Office;
- Select specialty or niche strategies, including senior living, student housing and self-storage;
- Debt strategies; and
- Retail.

Key Elements of Investment Program

Some of the key elements of the investment program Banner Oak generally recommends to the Funds are as follows:

Flexible Response to Market Conditions. The Funds seek to maintain flexibility to make investments that are well positioned to benefit from current or future market conditions. At the present time, U.S. commercial real estate market fundamentals must be carefully assessed with respect to individual sectors and markets. Commercial real estate construction levels have increased and, in certain markets, may outpace demand. The multifamily and industrial sectors have shown the most significant expansion to date among the customary commercial real estate sectors, although Banner Oak believes that with careful site selection, these sectors warrant continued, strategic investment. Banner Oak continues to have interest in the senior living sector in response to aging demographics, but recognizes the potential for outsized supply, particularly in assisted living facilities. The capital markets, both debt and equity, remain actively engaged in real estate investment across the risk spectrum, assuring ample liquidity for now. As the economic cycle reaches full maturity, Banner Oak will continue its focus on disciplined underwriting, utilizing appropriate leverage levels and investing with skilled operators capable of targeted execution in assets and markets with which they have considerable, on-the-ground experience.

Alignment of Compensation Structures with Investment Objectives. Banner Oak understands the need to remain closely aligned with the interests and investment objectives of its Funds. The General Partners of the Funds, each of which is an affiliate of Banner Oak, may be entitled to receive carried interest distributions based on the profit distributions to Investors from the Funds, which creates a strong incentive to realize substantial equity returns on investments. In addition, Banner Oak seeks to ensure that the compensation structures employed by operating company management are appropriately aligned with the interests of the applicable Funds.

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Streamlined Decision-Making Process. The senior management of Banner Oak has extensive real estate investment experience and the capability to act on investment opportunities in an expeditious manner. The relatively small size of the senior management team and its active involvement in daily operations allows for a relatively quick turnaround on investment decisions.

Network of Sourcing Relationships. Through long-term relationships and the experience and resources of its senior management team, Banner Oak is able to access a wide range of investment opportunities. These relationships and resources allow Banner Oak to evaluate the opportunities available to it and gain an informed perspective in making investment selections.

Established Due Diligence Protocol. Banner Oak's senior management team has developed and refined Banner Oak's due diligence process to address the financial, legal, asset-specific and key personnel risks inherent in the operating partner investment model. Banner Oak benefits from this experience and strives to create structures that minimize the identified risks and provide for proper alignment of interests.

Flexible Financial Reporting. Banner Oak has experienced internal financial and accounting reporting personnel that employ a comprehensive data collection and accounting processes. This allows for closer monitoring of Operating Company and asset level financial performance and greater responsiveness to customized reporting requests.

Developed Legal Documents. Banner Oak has developed Operating Company partnership documents favorable to the Funds, drawing upon interactions with prior and current operating partners. These documents can be easily modified to address the needs of the different Operating Companies in which the Funds invest.

Continuous Evaluation of Exit Strategies. Banner Oak continuously evaluates strategies and opportunities for the Funds to exit existing investments profitably. These strategies and opportunities include traditional asset and bulk portfolio sales, and may also include alternative transactions such as sale of the particular Fund's entire interest in an Operating Company or real estate asset or other interest to a third party capital provider, initial public offerings of securities, mergers and other structured transactions. In addition, to generate enhanced returns and to reduce investment risk, Banner Oak may seek to refinance investments through borrowings, refinancings or debt or equity offerings.

Associated Risks

The Fund's investment activities involve a high degree of business and financial risk that may result in substantial losses. Investment in the Funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an Investor's capital contribution.

The following is a brief overview of some of the unique risks associated with Banner Oak's investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the

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management and operations of the Funds. In addition, see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for additional risks associated with certain conflicts of interest. Investors should consider an investment in a Fund as involving a high degree of financial risk and should therefore carefully consider all risks described in the relevant Governing Documents. Each prospective Investor should carefully review the applicable Governing Documents, as applicable, before deciding to make an investment in a Fund.

No Assurance of Investment Return; Past Performance. The past investment performance of the Funds should not be relied on as an indicator of a Fund’s future performance or success. There is no assurance that the Funds will be able to generate returns for their Investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described in the Governing Documents. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment.

Reliance on Banner Oak. Decisions with respect to the management of the Funds will be made by Banner Oak. The success of the Funds will depend on the ability of Banner Oak to identify and consummate suitable investments and to dispose of investments made by the Funds at a profit. The success of the Funds depends in substantial part upon the leadership, skill and expertise of the Principals. However, there can be no assurance that each of the Principals will continue to be affiliated with Banner Oak throughout each Fund’s anticipated term. The loss of one or more of these individuals could have a material adverse effect on the performance of the Funds.

No Right to Control the Funds’ Operations. Investors, as limited partners, will generally have no right or powers to take part in the management of the Funds or any of their investments. In order to safeguard their limited liability from the liabilities and obligations of the Funds, Investors must rely entirely on Banner Oak to conduct and manage the affairs of the Funds.

Adverse Conditions in Capital and Credit Markets. The commercial real estate market continues to experience increased levels of new capital and debt investment attributable to the growth in the economy overall and a more favorable view of commercial real estate as an investment class, as compared to recent years. Nevertheless, as illustrated by the last recession, real estate capital markets can be extremely volatile, and any future disarray in the credit markets, market dislocations, or the re-institution of more conservative credit requirements could adversely affect the performance of the Funds. To the extent that some or all of these conditions occur and continue for any significant period of time, such conditions could (i) reduce the value of the investments of the Funds, (ii) significantly limit or eliminate their ability to employ leverage in connection with their investment activities or (iii) reduce their ability to dispose of their investments in the ordinary course of business, any of which could have a material adverse effect on the Funds or any of them.

Real Estate Investment Risks. The investments made by the Funds are subject to the risks inherent in the ownership, development and operation of real estate and real estate related businesses and assets. These risks include, but are not limited to, changes in local market conditions, the financial condition of tenants, buyers and sellers of properties, changes in interest

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rates and the availability of financing, the burdens of ownership of real property, general and local economic conditions, fluctuations in occupancy rates, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations, changes in real property taxes, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks and war, construction delays, cost overruns, lease-up risks and other factors beyond the control of Banner Oak. Adverse changes in some or all of these conditions could materially affect the investment returns of the Funds or any of them.

Operating Company Management Team Risks. Operating companies and the real estate assets in which they invest are overseen on a day-to-day basis by the management teams of Operating Companies, which operate independently of Banner Oak. Although Banner Oak exercises diligence in underwriting and recommending the management team for each Operating Company, there can be no assurance that such diligence will accurately predict the investment performance of the management team.

Absence of Suitable Investment Opportunities. The success of the Funds depends in part on the availability and identification of suitable opportunities to invest in real estate projects or assets. The availability of high-quality real estate projects or assets of the type targeted by the Funds may be largely dependent upon economic growth prospects in the markets and areas in which such projects are located. The business of identifying and structuring investments of the type targeted by the Funds involves a high degree of uncertainty. There can be no assurance that the Funds will be able to identify and complete suitable investments that satisfy their investment objectives.

Substantial Competition for Investments. The Funds face substantial competition in identifying and acquiring investments in real estate projects or assets from existing and new real estate investors with investment objectives similar to those of the Funds. The Funds also compete for investment opportunities with local investors, insurance companies, public and private pension funds and other institutional investors, and strategic industry acquirers. Many such entities have substantially greater financial resources than the Funds.

Illiquid Investments. Interests in the Operating Companies and other real estate assets are generally not transferable. None of these interests are expected to be registered for public sale under federal or state securities laws. Such interests may not be resold or transferred except in compliance with transfer restrictions included in the applicable organizational documents. In general, such interests represent highly illiquid investments that must be held for an indefinite period of time.

Distressed Asset Risk. Certain of the Funds may invest in debt instruments or securities evidencing commercial real estate debt, which in some cases may be distressed, non-performing, under-performing, undercapitalized, subject to liquidity constraints or otherwise troubled. Although such investments may offer the opportunity to realize significant returns, they involve a substantial degree of risk, and there can be no assurance that there will be any return of capital. For example, non-performing debt instruments may require workout negotiations and/or

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restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of such loan. Moreover, Banner Oak may find it necessary or desirable to foreclose on collateral securing one or more debt instruments purchased by a Fund. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a debt instrument, including without limitation, lender liability claims and defenses, even when such assertions may have no basis, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process.

Exit Risks. The feasibility and terms of any proposed exit strategy for the investments of the Funds will depend on factors not within the control of Banner Oak, including fluctuations in market conditions, the status of capital markets and political and economic conditions. Consequently, the precise timing of the disposition of an investment and the manner of disposition are impossible to predict, and no assurance can be given that such disposition can be achieved on terms favorable to the Funds or their Investors. In general, there is a significant risk that the Funds will be unable to realize their investment objectives through the sale or other disposition of their investments at attractive prices within any given period of time, or will otherwise be unable to successfully implement exit strategies for their investments.

Stringent Environmental Regulation. Under federal, state and local laws and regulations relating to protection of the environment, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances at such property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with any contamination. Such laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants, and the liability under such laws has often been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. In addition, the owner or operator of a site may be subject to claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. The Funds could face substantial risk of loss from environmental claims based on environmental problems associated with their real estate investments.

Leveraged Investments. The investments acquired by the Funds typically utilize a leveraged capital structure, in which case a third party would be entitled to cash flow generated by such investments prior to the time the applicable Fund receives a return of its investment. Although such leverage presents opportunities for increasing returns to the Funds, it also involves a high degree of financial risk and has the potential of increasing exposure of the Funds' investments to adverse economic factors such as rising interest rates, economic downturns, fluctuations in market conditions, deterioration in the assets underlying such investments or deterioration in the condition of an investment or its market. If an investment acquired by a Fund is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of such Fund's investment could be significantly reduced or even eliminated. Although

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the Funds themselves typically do not provide guaranties or other forms of credit support for real estate project debt (other than customary non-recourse cave-out guaranties, environmental indemnities, and completion guarantees in certain cases), circumstances often require the Operating Companies to provide such support. Were an Operating Company required to pay amounts owing under a guaranty or other credit support obligation due to the cash flow from the applicable project being inadequate to support the debt, such payment could negatively impact the financial condition of the Operating Company and, in turn, the returns from the Operating Company to the applicable Fund.

Revolving Credit Facilities. A Fund's general partner may obtain one or more revolving credit facilities that may be secured by, among other things, the aggregate capital commitments of the Investors of the Fund and the Investors' obligations to make capital contributions. Any inability of the Fund to repay such borrowings could enable a lender to take action against the Fund or an Investor to the extent of its then available capital commitment to the Fund.

Disciplinary Information

Neither Banner Oak nor any of its managing persons have been involved in any legal or disciplinary events in the past 10 years that it believes would be material to a Fund's or Investor's evaluation of Banner Oak or its personnel.

Other Financial Industry Activities and Affiliations

Certain Regulated Entities

Neither Banner Oak nor any of its management persons is registered or has a pending application to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing.

Other Affiliations

In August 2014, TriLyn Investment Management LLC, a subsidiary of an Operating Company in which a Fund made a prior investment, terminated its registration as an investment adviser under the Advisers Act. The Fund had an investment in TriLyn IM Holdings, L.P. and certain of its subsidiaries and exercised certain approval rights under the terms of its governing documents, although such approvals did not apply to investment advice provided by TriLyn Investment Management LLC. In December 2014, TriLyn IM Holdings, L.P. redeemed the interest of the Fund in the Operating Company. As part of the redemption, the Fund received a 50% managing member interest in a subsidiary of TriLyn IM Holdings, L.P. that holds a passive interest in an entity entitled to receive Incentive Distributions from Investcorp Real Estate Credit Fund III, L.P., a closed-end private equity fund formed to invest in mezzanine debt instruments (the “Investcorp Fund”). The Fund has invested capital in, and TriLyn IM Holdings, L.P. provides investment co-advisory services to, the Investcorp Fund. There is no other relationship or arrangement between Banner Oak or any of its management persons, on the one hand, and any affiliate or advisory affiliate of Banner Oak who performs any of the functions listed in Item 10.C of Form ADV, Part 2A, on the other, that both (i) is material to Banner Oak’s advisory business or to the Funds and (ii) creates a material conflict of interest with the Funds.

Recommendation of Other Investment Advisers

Banner Oak has not recommended or selected other investment advisers to any Fund for which it has received compensation directly or indirectly from such investment advisers.

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

Code of Ethics

General. Banner Oak has adopted a Code of Ethics (the “Code of Ethics”) in order to establish the standard of conduct expected of all “supervised persons” of Banner Oak in light of the duties of Banner Oak to the Funds. The Code of Ethics generally applies to all supervised persons of Banner Oak, including all members, officers, directors or employees of Banner Oak or other persons who are involved in providing investment advisory or investment management services for the benefit of the Funds.

Set forth below is a summary of the principal elements of the Code of Ethics. A complete copy of the Code of Ethics is available to any Investor or prospective Investor upon request. Requests for copies of the Code of Ethics should be directed to the Chief Compliance Officer of Banner Oak (the “CCO”) at the address or telephone number shown on the cover page of this brochure.

Standards of Conduct. Banner Oak requires all of its supervised persons to act at all times in accordance with its fiduciary duty to its clients. As a result, supervised persons should place the interests of the Funds before their own and act with honesty and integrity with respect to the Funds and their Investors. A supervised person should never take inappropriate advantage of his or her position for personal benefit. In addition, a supervised person should make full and fair disclosure of all material facts, particularly where Banner Oak’s or a supervised person’s interests may conflict with those of a Fund. Each supervised person should have a reasonable, independent basis for any investment advice provided to any Fund.

All supervised persons are expected to be familiar and comply with the laws and regulations applicable to their day-to-day responsibilities, including applicable U.S. federal securities laws and regulations. If a supervised person has any question with respect to any such law or regulation, he or she should consult with the CCO.

Reporting Violations. If any supervised person becomes aware of any violation of the Code of Ethics, he or she must report such violation to the CCO.

Personal Securities Transactions. Banner Oak has adopted a personal securities transactions policy that addresses personal trading by “access persons” of Banner Oak in securities, including stocks, bonds, options, warrants, financial commodities, other derivative products and interests in privately placed offerings, limited partnerships and other entities. For this purpose, “access persons” consist of all directors, officers and partners of Banner Oak and all other supervised persons (i) who have access to non-public information regarding any Fund’s investments or purchase or sale of securities or (ii) who are involved in making securities recommendations to any Fund, or have access to such recommendations that are non-public.

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The personal securities transactions policy of Banner Oak requires that all access persons:

- obtain pre-clearance before directly or indirectly acquiring beneficial ownership of any security in (i) any U.S. initial public offering or (ii) any security sold in the United States in a private placement;
- comply with certain trading restrictions that generally prohibit the purchase or sale of (i) any security that the access person knows is being bought or sold for any Fund, until the purchase or sale by such Fund is completed or canceled, (ii) any security that the access person knows is under active consideration for purchase or sale by any Fund or (iii) any security that appears on the restricted list maintained by Banner Oak that is applicable to such access person; and
- submit to the CCO initial, quarterly, and annual reports disclosing personal securities holdings and transactions.

Investments in Client Securities

As currently in effect, the Governing Documents for the Funds do not impose any limitations on investments by affiliates of Banner Oak in securities that are the same as or related to the securities acquired by the Funds. To the extent that affiliates of Banner Oak invest in any such securities, a conflict of interest may arise, in which case Banner Oak would endeavor to resolve such conflict of interest in a manner deemed equitable to the extent possible under the prevailing facts and circumstances and in accordance with Banner Oak's fiduciary duties to the Funds. Any such investments (including through affiliated co-investment vehicles) shall be made on the same economic terms as the corresponding asset capital investments made by the Funds.

Brokerage Practices

Banner Oak does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments because the Funds invest in real estate assets. To the extent that these investments are in securities within the meaning of the Advisers Act, they consist primarily in privately issued securities that are not of a class registered under the Securities Exchange Act of 1934, as amended.

To the limited extent Banner Oak may transact in public securities for the Funds, or engage intermediaries to effect transactions in private securities for the Funds, it intends to select brokers, dealers and other intermediaries based upon their ability to provide “best execution” for the Funds. In attempting to provide “best execution,” Banner Oak will seek to execute securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances. Nevertheless, the use and selection of a broker-dealer by Banner Oak will not be based solely upon whether the broker-dealer offers the lowest possible commissions and other expenses, but whether the transaction represents the best qualitative execution. Banner Oak expects to determine the availability of best execution by a number of methods, including evaluating its own experience with various broker-dealers, conducting surveys and soliciting data from competing broker-dealers and reviewing data from third-party industry research sources.

Soft dollar arrangements exist when an investment manager directs a commission generated by a transaction toward a third party or an in-house party in exchange for services that are for the benefit of the client but are not client-directed. Banner Oak currently does not direct any commissions to third parties in exchange for such services. No soft dollar arrangements may be entered into by Banner Oak without the prior written approval of the CCO.

Banner Oak recognizes that the value of a key third-party service provider’s products and services involves a number of factors, both qualitative and quantitative. In selecting key-third party service providers for a Fund, Banner Oak may take into account the full range of applicable factors. The engagement of a service provider for one Fund may result in an indirect benefit to another Fund and, as a result, such ancillary benefits may create an incentive for Banner Oak to select a service provider at the expense of one Fund to benefit another Fund.

Banner Oak may receive services from third-party service providers that also provide services to the Funds. Banner Oak may receive a discount from such service providers relative to what it would otherwise be expected to pay had the service providers not been engaged by the Funds. Such discounts cannot accurately be quantified but, nevertheless, may create an incentive for Banner Oak to select a service provider based on its interest in potentially receiving a discount for itself, rather than on the Funds’ interest in receiving the most favorable products and services. Although Banner Oak has established policies and procedures to address such potential conflicts, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to the Funds and their Investors.

Review of Accounts

The investments made by the Funds are generally private, illiquid and long-term in nature. All investments are carefully reviewed by the relevant members of the Banner Oak team and approved by Banner Oak's investment committee, including the Managing Partners. The Funds' portfolio investments are reviewed on a continuous basis and Banner Oak's investment professionals meet regularly to discuss potential transactions, economic developments, current events, investment strategies, and the Funds' holdings.

Banner Oak provides quarterly unaudited financial statements and annual reports to Investors in accordance with the terms of the applicable Fund's Governing Documents. Banner Oak also provides Investors with audited financial statements annually as further described below under "Custody."

Client Referrals and Other Compensation

Banner Oak does not receive an economic benefit from any non-clients for providing investment advice or other advisory services to the Funds.

In connection with organizing and offering interests in certain Funds, Banner Oak has engaged and in the future may engage placement agents. Such placement agents generally will receive placement fees in connection with the offering and sale of interests in such Funds. If paid by the Funds, the Management Fee will generally be reduced by the amount of any such placement fees in accordance with the applicable Fund's Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods.

Custody

Banner Oak is deemed to have custody over the cash and securities held by the Funds because Banner Oak and the General Partners serve as manager, adviser and general partner or managing member (or similar capacity) to the Funds. As required by the Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), Banner Oak maintains cash and securities with an independent qualified custodian. The Funds are subject to an annual independent audit and audited financial statements prepared in accordance with generally accepted accounting principles will be distributed to the Funds’ Investors in accordance with the Custody Rule. In addition, Banner Oak may provide Investors with additional reports in accordance with the applicable Fund’s Governing Documents.

Investment Discretion

The General Partners are each an affiliate of Banner Oak, and all of the partners, officers and employees of each General Partner are supervised persons of Banner Oak. In light of the authority granted to the General Partners under the Fund Partnership Agreements and to Banner Oak under the Advisory Agreements, Banner Oak and the General Partners can be viewed as collectively exercising discretionary authority over certain investments made by the Funds.

Under the terms of each Fund's Governing Documents, the management and conduct of the business of the applicable Fund are carried out by the applicable General Partner, which has the authority to manage, control, administer and operate the properties, business and affairs of the applicable Fund, including its investment activities, subject to certain limitations. Each Fund's Governing Documents impose certain basic investment guidelines and limitations on the General Partner's investment discretion. Each Investor should review the applicable Fund's Governing Documents in order to understand the discretion that Banner Oak may exercise with respect to a particular Fund.

Voting Client Securities

Banner Oak exercises voting authority with respect to securities held by the Funds, including partnership interests, limited liability company interests and other voting securities of Operating Companies and their subsidiaries. These securities in many cases consist of privately issued uncertificated securities, but could in certain cases also include securities of publicly traded companies.

Banner Oak has adopted a policy that defines the procedures to be followed by Banner Oak when it has discretionary authority to vote securities held by any Fund. The purpose of this policy is to ensure that such securities are voted for the benefit of and in the best interests of the applicable Fund. Each proxy proposal received by Banner Oak will be thoroughly reviewed by Banner Oak to ensure that such proxy is voted in the best interests of the applicable Fund.

Banner Oak may occasionally be subject to material conflicts of interest in the voting of proxies due to business or personal relationships with persons having an interest in the outcome of certain votes. Banner Oak or its supervised persons may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships.

If at any time Banner Oak becomes aware of a material conflict of interest relating to a particular proxy proposal, Banner Oak will handle the proposal by requiring the proposal to be reviewed by the CCO, who will determine how to vote the proxy in a manner consistent with the best interests of the applicable Fund. The Investors in the Funds do not have the right to direct Banner Oak to vote securities held by any Fund in a certain manner.

Banner Oak will provide a copy of its proxy voting policies and procedures to clients upon request. Clients may also request information on how portfolio securities held on their behalf were voted. Any such request may be made to the CCO at the telephone number or address shown on the cover page of this brochure.

Financial Information

Banner Oak has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds.