



RM ADVISER, LLC

[www.realtymogul.com](http://www.realtymogul.com)

October 15, 2024

Part 2A of Form ADV: Firm Brochure

This brochure provides information about the qualifications and business practices of RM Adviser, LLC (“**RM Adviser**”). If you have any questions about the contents of this brochure, please contact us at [RMAdviser@realtymogul.com](mailto:RMAdviser@realtymogul.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about RM Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

RM Adviser is an investment adviser registered with the SEC. Registration of an investment adviser does not imply a certain level of skill or training.

## Item 2: Material Changes

The following summarizes the material changes made to our brochure since our last annual update, which is dated March 30, 2024 (terms as defined herein): (i) updated discussions regarding our affiliated broker-dealer, RM Securities, LLC, which is now executing the sale of shares of the RM REITs, including compensation, additional

risk factors, and conflicts of interest (ii) added board of managers for RealtyMogul Income REIT, LLC, which replaced the independent representative for such REIT, (iii) included enhancements to fee disclosures for RM REITs, including fees paid to affiliates (iv) removed references to the automatic investment program for the RM REITs, (v) enhanced investment strategy sections for the RM REITs, and (vi) added disclosure regarding co-investment in transactions sponsored by RM Communities. In addition, we routinely make updates throughout the brochure to improve and clarify the description of our business practices.

If we make any material changes to this brochure in the future, we will continue to revise this section to include a summary of such changes.

**Item 3: Table of Contents**

Item 2:	Material Changes .....	1
Item 3:	Table of Contents .....	3
Item 4:	Advisory Business .....	4
Item 5:	Fees and Compensation .....	5
Item 6:	Performance-Based Fees and Side-By-Side Management .....	12
Item 7:	Types of Clients .....	13
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss .....	15
Item 9:	Disciplinary Information .....	25
Item 10:	Other Financial Industry Activities and Affiliations .....	25
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	30
Item 12:	Brokerage Practices .....	32
Item 13:	Review of Accounts .....	33
Item 14:	Client Referrals and Other Compensation .....	33
Item 15:	Custody .....	34
Item 16:	Investment Discretion .....	34
Item 17:	Voting Client Securities .....	34
Item 18:	Financial Information .....	35

Advisory Firm Description

RM Adviser, LLC (“**RM Adviser**”), a Delaware limited liability company formed in 2015, is an investment advisory firm registered with the Securities and Exchange Commission (“**SEC**”) since 2016 and a wholly owned subsidiary of Realty Mogul, Co., a Delaware corporation (“**Realty Mogul**”). Realty Mogul was incorporated in May 2012 and, through its subsidiaries, operates a real estate investment platform offering a variety of real estate-related investments at [www.realtymogul.com](http://www.realtymogul.com) (the “**Realty Mogul Platform**”).

Canaan IX, LP owns more than 25% of Realty Mogul and therefore owns more than 25% of RM Adviser due to RM Adviser being a wholly owned subsidiary of Realty Mogul. Canaan Partners IX LLC is the General Partner of Canaan IX, LP.

Types of Advisory Services

RM Adviser currently provides two main types of investment advisory services: (1) since 2016, discretionary investment management of two affiliated real estate investment trusts, the Realty Mogul Income REIT, LLC (formerly, MogulREIT I, LLC (“**Income REIT**”)) and the Realty Mogul Apartment Growth REIT, Inc. (formerly, MogulREIT II, Inc. (“**Apartment Growth REIT**”)) (collectively, the “**RM REITs**”), and (2) from time to time, discretionary investment management of certain special purpose entities that each invest in one company whose primary business is to own and renovate and/or operate one or more specified commercial real estate projects (“**Single Purpose Funds**”). Hereinafter, the respective company in which a Single Purpose Fund advised by RM Adviser invests in will be referred to as “**Sponsor Entity**.” Sponsor Entities may also be managed by RM Adviser.

*RM REITs*

RM Adviser manages the RM REITs. The RM REITs are sponsored by RM Sponsor, LLC (“**RM Sponsor**”), another wholly owned subsidiary of Realty Mogul and an affiliate of RM Adviser. RM Adviser’s services to the RM REITs are limited to investment advisory and acquisition services (including performing due diligence on the RM REITs’ investments), offering services, in conjunction with RM Securities, LLC (“**RM Securities**”), asset management services, marketing and advertising services, accounting and other administrative services, shareholder services, financing services, and disposition services, among others. In addition, RM Adviser makes all the decisions regarding the selection, negotiation, financing and disposition of the RM REITs’ investments, subject to the limitations in the operating agreement or management agreement by and between RM Adviser and the respective RM REIT.

*Single Purpose Funds/Sponsor Entities*

RM Adviser’s advice to the Single Purpose Funds/Sponsor Entities is limited to investment advisory and acquisition services (typically real estate-related investments) and asset management services, and accounting and other administrative services, among others. In addition, RM Adviser makes all the decisions regarding the selection, negotiation, acquisition, financing and disposition of the investments of Single Purpose Funds/Sponsor Entities, in accordance with the respective operating agreement by and between RM Adviser and the Single Purpose Fund/Sponsor Entity.

Tailored Advisory Services and Restrictions

RM Adviser tailors its advisory services to the investment objectives and strategies and terms and conditions of the RM REITs, as described in their respective offering circulars, available at [www.realtymogul.com](http://www.realtymogul.com). Among other restrictions, RM Adviser manages the RM REITs so that they comply with restrictions related to Internal Revenue Service (“IRS”) requirements for qualification as a REIT and/or requirements applicable to the RM REITs’ exemption from registration as an investment company under the Investment Company Act of 1940 (“**Investment Company Act**”). RM Adviser does not tailor its advisory services to the individual needs or circumstances of investors in the RM REITs as the RM REITs themselves are RM Adviser clients, not RM REITs’ investors.

#### *Single Purpose Funds/Sponsor Entities*

RM Adviser is responsible for providing asset management services for the Single Purpose Funds. For certain Single Purpose Funds, RM Adviser also manages the Sponsor Entity in which the Single Purpose Fund invests. RM Adviser manages the Single Purpose Funds/Sponsor Entities so that they comply with requirements pursuant to Regulation D under the Securities Act of 1933 (the “**Securities Act**” and “**Regulation D**”) and/or requirements applicable to the Single Purpose Funds/Sponsor Entities’ exemption from registration as an investment company under the Investment Company Act. RM Adviser does not tailor its advisory services to the individual needs or circumstances of investors in the Single Purpose Funds/Sponsor Entities as the Single Purpose Funds/Sponsor Entities themselves are RM Adviser clients, not the Single Purpose Funds/Sponsor Entities’ investors.

#### Wrap Fee Program

RM Adviser does not participate in any wrap fee program.

#### Assets Under Management

As of December 31, 2023, RM Adviser had approximately \$175,099,507 in assets under management, which RM Adviser manages on a discretionary basis.

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

#### RM REITs

RM Adviser receives fees directly from the RM REITs it manages.

#### *Income REIT*

For advising and administering Income REIT, RM Adviser receives a monthly asset management fee at an annualized rate of 1.00%, payable in arrears, which is based on total equity value. For purposes of this fee, total equity value equals (a) Income REIT’s then-current NAV per share, as determined by Income REIT’s board of managers, multiplied by (b) the number of Income REIT’s common shares then outstanding.

In addition, there are related fees paid by affiliated and unaffiliated third parties to RM Adviser and RM Adviser’s affiliates.

*Servicing Fee*

With respect to any loans or preferred equity investments Income REIT makes or acquires, Income REIT will pay a servicing fee of 0.50% of the principal balance plus accrued interest of each loan or preferred equity investment and any applicable additional amounts associated with such investment to RM Lender (which refers to Realty Mogul Commercial Capital Co., an affiliate of RM Adviser, in its loan or preferred equity servicing capacity) (“RM Lender”) for the servicing and administration of certain loans and investments held by Income REIT. RM Lender may decide to enter into a sub-servicing agreement with an unaffiliated third party to service and administer the loans and preferred equity investments held by Income REIT and will pay for any expenses incurred in connection with standard subservicing thereunder out of the servicing fee paid to it by Income REIT. The sub-servicing agreement will define the terms of the servicing arrangement as well as the amount of the servicing fee that is paid by RM Lender to the unaffiliated third party. The servicing fee is calculated as an annual percentage of the principal balance of the debt or preferred equity investment plus accrued interest and any applicable additional amounts associated with such investment and is deducted at the time that payments on the asset are made. The fee is deducted in proportion to the split between accrued and current payments. Servicing fees payable by Income REIT may be waived at RM Lender’s sole discretion. The actual amount of servicing fees that will be paid are dependent upon the principal amount of the loans or preferred equity investments. In the publicly filed financials, these fees are incorporated.

*Special Servicing Fee*

Income REIT may pay a special servicing fee to RM Lender equal to an annualized rate of 1.00% of the original principal balance of a non-performing debt or preferred equity investment serviced by such RM Lender and any additional amounts associated with such investment. Whether an investment is deemed to be non-performing is in the sole discretion of RM Adviser. The payment of the special servicing fee shall be in addition to any third-party special servicing expenses incurred by Income REIT, which may include special fees associated with recovery efforts by RM Lender. The actual amount of special servicing fees that will be paid are dependent upon the occurrence of a debt or preferred equity investment becoming non-performing and the original principal balance of such investment and any additional amounts associated with such investment. These fees can be found in Income REIT’s publicly filed financials.

**Fees and Reimbursements Paid by Unaffiliated Third Parties to Affiliates of RM Adviser Related to Loan or Preferred Equity Investments**

From time to time, unaffiliated third parties will pay to affiliates of RM Adviser, including, without limitation, an RM Originator (as defined below), one or more of the fees set forth below in connection with the origination, investment and management of real estate loans or preferred equity investments. The following fees are not paid directly by Income REIT and Income REIT will not be entitled to these fees. In addition, the following fees reduce the amount of funds that are invested in the underlying real estate loans and preferred equity investments and/or the amount of funds available to pay distributions to Income REIT, thereby reducing Income REIT’s returns in that particular investment. The actual amount of the following fees are dependent on, among other things, the total loan or private equity transaction size, closing costs, financing amounts, and interest rates and payments. We cannot determine these specific amounts at the present time.

- **Origination Fee** –an amount up to 3% of the financing amount.

- **Extension Fee** –an amount up to 1% of the financing amount per loan extension.
- **Modification Fee** –an amount up to 1% of the financing amount per loan modification.
- **Default Interest** – interest paid in an amount defined under the particular loan agreement.
- **Prepayment Penalties** – amount paid based on the amount of interest that would have accrued on the principal amount of the loan or preferred equity investment at the time of prepayment during the period commencing on the prepayment date and ending on the prepayment penalty period end date.
- **Exit Fee** – an amount (i) up to 1% upon payoff or (ii) calculated as a percentage of the financing amount or outstanding loan balance per extension.
- **Reimbursement of Closing Costs** – expenses reimbursed in connection with closing of loan or preferred equity investment.

#### **Fees Paid by Unaffiliated and Affiliated Third Parties to RM Adviser or Affiliates of RM Adviser in Equity Assets – Special Purpose Entity**

From time to time, a special purpose entity in which Income REIT invests (including a Single Purpose Fund/Sponsor Entity or unaffiliated third-party entity) may pay RM Adviser or an affiliate of RM Adviser one or more of the fees set forth below relating to the investment and management of Income REIT's equity assets. A portion of these fees are paid to personnel affiliated with RM Adviser or an affiliate of RM Adviser, including officers of RM Adviser, Jilliene Helman and Eric Levy. The following fees will be paid by the particular special purpose entity and not by Income REIT, and Income REIT will not be entitled to these fees. There are instances in which Income REIT is the sole member and has control of a third-party entity in which Income REIT invests and which will pay for the following fees. The actual amounts of these fees are described below. These amounts cannot be determined at the present time. In addition, these fees reduce the amount of funds that are invested in the underlying real estate investment or the amount of funds available to pay distributions to Income REIT, thereby reducing the Income REIT's returns in that particular investment.

- **Buyer's Real Estate Brokerage Fee / Real Estate Due Diligence Fee / Real Estate Acquisition Fee** – an amount up to 3% of the total contract purchase price of the property.
- **Financing Coordination Fee and Credit Guarantee Fee** – an amount up to 1.0% of the financing amount in the event that an affiliate or officer of RM Adviser provides services in connection with arranging the debt or provides a credit guarantee in connection with the financing.
- **Property-Level Asset Management Fee** – an amount up to an annualized 1.50% of Effective Gross Income (as defined below) that will be paid monthly for asset management services related to certain transactions. Effective Gross Income means a property's potential gross rental income plus other income less vacancy and credit costs for any applicable period.
- **Construction Management/Capital Expenditure Management Fee** – an amount up to 5.0% of actual aggregate expenditures in connection with capital improvements of the property.

- ***Seller's Real Estate Brokerage Fee / Real Estate Disposition Fee*** – an amount up to 2% of the contract sales price of a property in the event that RM Adviser or an affiliate of RM Adviser provides disposition services for the property.
- ***Promoted Interest*** – an undetermined amount of the entity's distributable cash, after all other partners or members have been paid (8% or higher) cumulative, non-compounded preferred return.

All the above fees and expenses are charged and deducted directly from Income REIT's assets or from special purpose entities that issue equity to Income REIT. In addition, Income REIT intends to reimburse RM Adviser for actually incurred, third-party organization and offering expenses are expected to be up to 3% of gross offering proceeds, which total organization and offering expenses will not exceed 15% of gross offering proceeds. Additionally, Income REIT will reimburse RM Adviser or its affiliates for out-of-pocket expenses incurred on the Income REIT's behalf by RM Adviser or its affiliates. The fees for Income REIT are detailed in Income REIT's offering documents, available at <https://www.realtymogul.com/investment-options/the-income-reit>.

### *Apartment Growth REIT*

For advising and administering Apartment Growth REIT, RM Adviser receives a monthly asset management fee equal to 1.25% at an annualized rate, payable in arrears, which is based on total equity value. For purposes of this fee, the total equity value equals (a) Apartment Growth REIT's then-current NAV per share, as determined by Apartment Growth REIT's board of directors, multiplied by (b) the number of shares of Apartment Growth REIT's common stock then outstanding.

In addition, there are related fees paid by affiliated and unaffiliated third parties to RM Adviser and RM Adviser's affiliates.

### **Fees Paid with Respect to Preferred Equity Only**

#### *Servicing Fee*

With respect to any preferred equity investments Apartment Growth REIT makes or acquires, Apartment Growth REIT will pay a servicing fee of 0.50% of the principal balance plus accrued interest of each preferred equity investment and any applicable additional amounts associated with such investment to RM Lender for the servicing and administration of certain investments held by Apartment Growth REIT. RM Lender may decide to enter into a sub-servicing agreement with an unaffiliated third party to service and administer the preferred equity investments held by Apartment Growth REIT and will pay for any expenses incurred in connection with standard subservicing thereunder out of the servicing fee paid to it by Apartment Growth REIT. The sub-servicing agreement will define the terms of the servicing arrangement as well as the amount of the servicing fee that is paid by RM Lender to the unaffiliated third party. The servicing fee is calculated as an annual percentage of the principal balance of the preferred equity investment plus accrued interest and any applicable additional amounts associated with such investment and is deducted at the time that payments on the asset are made. The fee is deducted in proportion to the split between accrued and current payments. Servicing fees payable by Apartment Growth REIT may be waived at RM Lender's sole discretion. The actual amount of servicing fees that will be paid are dependent upon the principal amount of the preferred equity investments. In the publicly filled financials, these fees are incorporated.

#### *Special Servicing Fee*



Apartment Growth REIT may pay a special servicing fee to RM Lender equal to an annualized rate of 1.00% of the original principal balance of a non-performing preferred equity investment serviced by such RM Lender and any additional amounts associated with such investment. Whether an investment is deemed to be non-performing is in the sole discretion of RM Adviser. The payment of the special servicing fee shall be in addition to any third-party special servicing expenses incurred by Apartment Growth REIT, which may include special fees associated with recovery efforts by RM Lender. The actual amount of special servicing fees that will be paid are dependent upon the occurrence of a preferred equity investment becoming non-performing and the original principal balance of such investment and any additional amounts associated with such investment. These fees can be found in Apartment Growth REIT's publicly filed financials.

#### **Fees and Reimbursements Paid by Unaffiliated Third Parties to Affiliates of RM Adviser in Preferred Equity Investment**

From time to time, unaffiliated third parties will pay to an affiliate of RM Adviser, including, without limitation, an RM Originator (as defined below), one or more of the fees set forth below in connection with the origination, investment and management of preferred equity investments. The following are the fees paid are not paid directly by Apartment Growth REIT, and Apartment Growth REIT will not be entitled to these fees. In addition, these fees reduce the amount of funds that are invested in the underlying real estate investment and/or the amount of funds available to pay distributions to Apartment Growth REIT, thereby reducing Apartment Growth REIT's returns in that particular investment. The actual amount of the following fees are dependent on, among other things, the total transaction size, closing costs, financing amounts, and interest rates and payments. We cannot determine these specific amounts at the present time.

- **Origination Fee** – an amount up to 3% of the financing amount.
- **Extension Fee** – an amount up to 1% of the financing amount per preferred equity extension.
- **Modification Fee** – an amount up to 1% of the financing amount per preferred equity modification.
- **Default Interest** – interest paid to an affiliate of RM Adviser as defined under the particular preferred equity agreement.
- **Prepayment Penalties** – amount paid to an affiliate of RM Adviser where each prepayment penalty based on the amount of interest that would have accrued on the principal amount of the preferred equity investment at the time of prepayment during the period commencing on the prepayment date and ending on the prepayment penalty period end date.
- **Exit Fee** – an amount (i) up to 1% upon payoff or (ii) calculated as a percentage of the financing amount or outstanding preferred equity balance per extension.
- **Reimbursement of Closing Costs** – expenses reimbursed in connection with closing of preferred equity investment.

#### **Fees Paid by Unaffiliated and Affiliated Third Parties to RM Adviser or Affiliates of RM Adviser in Equity Assets – Special Purpose Entity**

From time to time, a special purpose entity in which Apartment Growth REIT invests may pay to RM Adviser or an affiliate of RM Adviser one or more of the fees set forth below relating to the investment and management of Apartment Growth REIT's equity assets. A portion of these fees may be paid to personnel affiliated with RM Adviser, including officers of RM Adviser, Ms. Helman and Mr. Levy. The following fees will be paid by the particular special purpose entity and not by Apartment Growth REIT, and Apartment Growth REIT will not be entitled to these fees. Although the special purpose entity will pay these fees, there are instances in which Apartment Growth REIT is the sole member, and has control, of the special purpose entity in connection with an investment in an equity asset and which will pay the following fees. These amounts cannot be determined at the present time. In addition, these fees reduce the amount of funds that are invested in the underlying real estate investment and/or the amount of funds available to pay distributions to Apartment Growth REIT, thereby reducing Apartment Growth REIT's returns in that particular investment.

- ***Buyer's Real Estate Brokerage Fee / Real Estate Due Diligence Fee*** – an amount up to 3% of the total contract purchase price of the property.
- ***Financing Coordination Fee and Credit Guarantee Fee*** – an amount up to 1.0% of the financing amount in the event that an affiliate or officer of RM Adviser provides services in connection with arranging the debt or provides a credit guarantee in connection with the financing.
- ***Property-Level Asset Management Fee*** – an amount equal to an annualized 1.50% of Effective Gross Income (as defined below) that will be paid monthly for asset management services related to certain transactions. Effective Gross Income means a property's potential gross rental income plus other income less vacancy and credit costs for any applicable period.
- ***Construction Management / Capital Expenditure Management Fee*** – an amount up to 5.0% of actual aggregate expenditures in connection with capital improvements of the property.
- ***Seller's Real Estate Brokerage Fee / Real Estate Disposition Fee*** – an amount up to 2% of the contract sales price of a property in the event that RM Adviser or an affiliate of RM Adviser provides disposition services for the property.
- ***Promoted Interest*** – an undetermined amount of the entity's distributable cash, after all other partners or members have been paid (6% or higher) cumulative, non-compounded preferred return.

All the above fees and expenses are charged and deducted directly from Apartment Growth REIT's assets or from special purpose entities that issue equity to Apartment Growth REIT. In addition, Apartment Growth REIT intends to reimburse RM Adviser for actually incurred, third-party organization and offering expenses are expected to be up to 3% of gross offering proceeds, which total organization and offering expenses will not exceed 15% of gross offering proceeds. Additionally, Apartment Growth REIT will reimburse RM Adviser or its affiliates for out-of-pocket expenses incurred on the Income REIT's behalf by RM Adviser or its affiliates. The fees for Apartment Growth REIT are detailed in Apartment Growth REIT's offering documents, available at <https://www.realtymogul.com/investment-options/the-apartment-growth-reit>.

#### Single Purpose Funds/Sponsor Entities

The Single Purpose Funds/Sponsor Entities (usually Delaware limited liability companies) pay certain fees and expenses to RM Adviser and/or its affiliates in connection with RM Adviser's advisory services. These

fees and expenses are set forth in the respective offering materials and operating agreement entered into by each Single Purpose Fund/Sponsor Entity and RM Adviser (made available through the Realty Mogul Platform), such as:

- Management and Administrative Fee: RM Adviser or its affiliates receive management and administrative fees between 1% and 2% for management of the Single Purpose Fund / Sponsor Entity including administrative services such as necessary investor communications and technology functions. RM Adviser or its affiliates, at their discretion, defer all or a portion of the foregoing fees or reimbursement amounts described above that are payable for any quarterly or monthly period, and to instead receive such deferred amounts in one or more subsequent periods of their choosing, whether in the same calendar year or some future calendar year.
- Legal and Accounting Expenses: RM Adviser (or one of its affiliates) shall be reimbursed (or can direct Single Purpose Funds/Sponsor Entities to pay to third-party service providers, as applicable), as an expense of the respective Single Purpose Fund/Sponsor Entity, for legal, accounting, formation, diligence, related securities filings, travel and other expenses associated with the formation of the Single Purpose Fund/Sponsor Entity and related securities filings.
- Promoted Interest: When the Single Purpose Funds/Sponsor Entities are “qualified clients” as defined under the Advisers Act, RM Adviser is entitled to receive a performance-based fee or promoted interest in an undetermined amount of the entity’s distributable cash, after all other partners or members have been paid an agreed upon (6.0% or higher) cumulative, non-compounded preferred return. Pursuant to the joint venture operating agreement of the underlying investment, RM Adviser is entitled to a participation in the promoted interest of the entity which acquired the underlying investment’s distributable cash (certain distributions which are payable to RM Adviser if the underlying investment performs well), and a portion of these fees may be paid to personnel affiliated with RM Adviser, including Jilliene Helman, CEO of RM Adviser, and Eric Levy, Managing Director of RM Adviser.

In addition, there are related fees paid by affiliated and unaffiliated third parties to RM Adviser’s affiliates:

When a Single Purpose Fund/Sponsor Entity makes an equity investment, the Single Purpose Fund/Sponsor Entity may pay an affiliate of RM Adviser one or more of the fees set forth below. A portion of these fees may be paid to personnel affiliated with RM Adviser for their roles in the investment opportunity including an officer of RM Adviser, Jilliene Helman. The actual amounts of the following fees are dependent upon the total invested equity, transaction sizes and distributable cash.

- Acquisition fee up to 3% of the total contract purchase price of the property.
- Financing coordination fee and credit guarantee fee up to 1.0% of the financing in the event that an affiliate of RM Adviser or an officer of RM Adviser, Jilliene Helman, provides services in connection with arranging the debt or provides a credit guarantee in connection with the financing.
- Disposition fee up to 2% of the contract sales price of a property in the event an affiliate of RM Adviser provides disposition services for the property.

All the above fees and expenses are non-negotiable and are charged and deducted directly from the respective Single Purpose Fund/Sponsor Entity’s assets. In addition, each Single Purpose Fund/Sponsor

Entity will reimburse RM Adviser for out-of-pocket expenses incurred on behalf of the respective Single Purpose Fund/Sponsor Entity.

### Overhead and General Operations

RM Adviser pays its own overhead, employee costs, utilities, technology costs and similar costs related to general operations as an adviser.

Income REIT and Apartment Growth REIT have entered into an agreement to pay an officer of RM Adviser, Eric Levy, stock compensation of 1,000 shares per year for his role as Portfolio Manager for each respective RM REIT. In addition, Income REIT and Apartment Growth REIT each pay Jilliene Helman, CEO of RM Adviser, a retainer of 1,000 shares per year.

### Fees Paid in Advance

No fees charged by RM Adviser are required to be paid in advance.

### Compensation for the Sale of Securities

RM Adviser does not receive any compensation for the sale of securities, and none of its supervised persons receive any such compensation in connection with the services that they perform for RM Adviser. All sales of the RM REITs common shares will be executed through RM Securities, LLC, which is a registered broker-dealer that is a member firm of FINRA. RM Securities is an affiliate of our Sponsor and of RM Adviser, and is a wholly owned subsidiary of Realty Mogul, Co. RM Sponsor has entered into a Selling and Distribution Agreement with RM Securities for the sale of shares of Income REIT and Apartment Growth REIT. Pursuant to the Selling and Distribution Agreements, RM Sponsor will pay up to a 1.00% commission on the proceeds from the sale of any shares that the broker executed. These commissions will not be paid by, or charged to, either of the RM REITs or its investors. Additionally, RM Sponsor will pay the broker for any reimbursements, including miscellaneous expenses such as mailing or copy charges, which, collectively, shall not exceed \$1,000, and such reimbursements are items of value under FINRA rules. Certain employees or independent contractors of Realty Mogul, Co. are also registered representatives sponsored by RM Securities. RM Securities may engage additional broker-dealers or financial advisors that are members of FINRA, which we refer to as participating broker-dealers, to sell the common shares of Income REIT and Apartment Growth REIT. We anticipate that RM Securities' activity on our behalf will be conducted largely by such registered representatives, and a portion of the sales commission received by RM Securities will be paid to those registered representatives, including certain employees and independent contractors of Realty Mogul, Co. These employees or independent contractors of Realty Mogul, Co. also receive compensation from Realty Mogul, Co., a portion of which is considered an item of value under FINRA rules.

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

As discussed in Item 5 above, Income REIT and Apartment Growth REIT each have the ability to invest in underlying investments for which a performance fee is paid and RM Adviser may manage that private investment that is invested in by such REIT and may get a promote from that REIT with respect to that investment.

RM Adviser and its supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged an asset-based fee. RM Adviser and its supervised persons face conflicts of interest by managing these accounts at the same time, including that RM Adviser and its supervised

persons have an incentive to favor accounts for which RM Adviser or its supervised persons receive a performance-based fee. RM Adviser addresses these conflicts of interest by disclosing any such conflict on a deal-by-deal basis.

## Item 7: Types of Clients

RM Adviser currently advises the RM REITs and Single Purpose Funds/Sponsor Entities.

### RM REITs

The RM REITs primarily invest in real estate and real estate-related assets, subject to certain limitations related to their qualification as a REIT under IRS regulations and to maintaining their exclusion from the definition of investment company under the Investment Company Act. The RM REITs have specific eligibility criteria which must be met, and investors in the RM REITs are subject to certain restrictions when investing in the RM REITs.

For Income REIT, an investor must initially purchase at least \$5,000 in its common shares based on the then-current per share purchase price, and at least \$1,000 in its common shares based on the then current per share purchase price for subsequent investments. The investment minimum for subsequent purchases does not apply to shares purchased pursuant to Income REIT's distribution reinvestment plan. In the discretion of Income REIT's board of managers, Income REIT may in the future increase or decrease the minimum investment amount for all new purchasers and/or the minimum investment amount required for investments beyond the initial purchase.

For Apartment Growth REIT, the minimum investment in shares of its common stock for initial purchase is \$5,000 based on the then-current per share purchase price. Once an investor has satisfied the applicable minimum purchase requirement, any additional purchase must be at least \$1,000 based on the then-current per share purchase price. The investment minimum for subsequent purchases does not apply to shares purchased pursuant to Apartment Growth REIT's distribution reinvestment plan.. In the discretion of Apartment Growth REIT's board of directors, Apartment Growth REIT may in the future increase or decrease the minimum investment amount for all new purchasers and/or the minimum investment amount required for investments beyond the initial purchase.

Investors in the RM REITs must also be "qualified purchasers" as defined in Regulation A under the Securities Act ("**Regulation A**"). As a result, investors that are not "accredited investors" as defined in Regulation D under the Securities Act may not invest more than 10% of the greater of their annual income or net worth (for natural persons), or 10% of the greater of annual revenue or net assets at fiscal year-end (for non-natural persons). Also, because each of the RM REITs intends to continue to qualify as a REIT under the Internal Revenue Code of 1986 (the "**Internal Revenue Code**"), no person may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than 9.8% in value of the aggregate of such RM REIT's outstanding shares of common and preferred stock, or more than 9.8% (in value or in number of all shares, whichever is more restrictive) of the aggregate of the outstanding shares of its common stock.

Finally, so that each RM REIT's underlying assets are not deemed to include "plan assets" subject to the Employee Retirement Income Security Act of 1974 ("**ERISA**") or Section 4975 of the Internal Revenue Code, no more than 25% of the value of any class of equity interests in each RM REIT may be held by "benefit plan investors" as defined in ERISA.

### Single Purpose Funds/Sponsor Entities

The Single Purpose Funds invest in Sponsor Entities which directly acquire real estate. Interests in the Single Purpose Funds/Sponsor Entities are offered as private placements under Rule 506 of Regulation D, and consequently, investors in the Single Purpose Funds/Sponsor Entities must be “accredited investors” as defined in Regulation D. Also, the Single Purpose Funds/Sponsor Entities intend to comply with certain investment restrictions related to their reliance on an exemption from registration as an investment company under the Investment Company Act.

Finally, so that each Single Purpose Fund/Sponsor Entity’s underlying assets are not deemed to include “plan assets” subject to ERISA or Section 4975 of the Code, no more than 25% of the value of any class of equity interests in each Single Purpose Fund/Sponsor Entity may be held by “benefit plan investors” as defined in ERISA.

Investment Strategies*Income REIT*

RM Adviser's investment strategy for Income REIT is to use substantially all of the proceeds of Income REIT's offering to invest in and manage a diversified portfolio of investments in commercial real estate loan and equity assets, including, without limitation, senior debt, mezzanine debt, junior debt participation, equity interests, including joint ventures and limited partnerships, preferred equity, and other real estate-related assets. Income REIT intends to hold: (1) at least 55% of the total value of Income REIT's assets in direct interests in real estate that meet certain criteria outlined by the staff of the SEC as well as commercial mortgage-related instruments in commercial real estate projects, such as senior mortgage loans, subordinated mortgage loans, mezzanine debt and participations (also referred to as B-Notes); and (2) at least 80% of the total value of Income REIT's assets in the types of assets described above, plus in "real estate-related assets" that are related to one or more underlying commercial real estate projects. These real estate-related assets may include assets, such as equity or preferred equity interests in companies whose primary business is to own and operate one or more specified commercial real estate projects, debt securities whose payments are tied to a pool of a commercial real estate projects (such as commercial mortgage-backed securities ("CMBS"), collateralized debt obligations ("CDOs") and REIT senior unsecured debt), interests in publicly traded REITs, and other commercial real estate-related assets.

RM Adviser generally manages Income REIT with an objective of seeking to create and maintain a portfolio of investments that generate a low-volatility income stream of attractive and consistent cash distributions. RM Adviser will also seek to emphasize the payment of current returns to shareholders and preservation of invested capital. RM Adviser also intend to diversify Income REIT's portfolio by investing in and managing commercial real estate assets, including loans, debt, equity in commercial real estate ventures, private equity, and other real estate-related assets, subject to certain limitations related to Income REIT's qualification as a REIT and to maintaining Income REIT's exclusion under the Investment Company Act. RM Adviser's focus on investing in equity instruments will be to seek investments that will produce returns to shareholders through rental income and capital appreciation. The investment objective for the Income REIT is to achieve attractive, risk-adjusted returns that exceed alternative real estate investment offerings.

*Apartment Growth REIT*

RM Adviser's investment strategy for Apartment Growth REIT is to use substantially all of the proceeds of Apartment Growth REIT's offering to invest in a diverse portfolio of preferred equity and joint venture equity investments in multifamily properties located in target markets throughout the United States. RM Adviser intends to make preferred equity and joint venture equity investments in established, well-positioned, apartment communities with operating histories that have demonstrated consistently high occupancy and income levels across market cycles as well as multifamily properties that offer value added opportunities with appropriate risk-adjusted returns and opportunity for value appreciation. Apartment Growth REIT will hold both equity and preferred equity related investments, with an objective to achieve consistent cash distributions and realize capital appreciation supported by recurring payments from investments in equity and preferred equity, and by capital gains driven by appreciation from investments in equity.

RM Adviser generally manages Apartment Growth REIT with an objective of seeking to create and maintain a portfolio of investments that generate a low volatility income stream of attractive and consistent cash

distributions to our stockholders. RM Adviser will seek to generate and distribute rental income on a quarterly basis while maximizing the potential for future capital appreciation. RM Adviser expects that Apartment Growth REIT's portfolio of equity and preferred equity investments will be secured primarily by U.S.-based collateral and diversified by property type and geographic location, subject to certain limitations related to Apartment Growth REIT's qualification as a REIT and/or to maintain its exclusion under the Investment Company Act, as applicable. Apartment Growth REIT may invest additional capital in cosmetic improvements as well as potentially reposition the properties to increase both average rental rates and resale value.

#### *Single Purpose Funds/Sponsor Entities*

The investment strategy for each Single Purpose Fund/Sponsor Entity is different and disclosed in the offering documents for each investment. RM Adviser is responsible for managing the day-to-day operations, including providing investment advisory and acquisition services (including performing due diligence on our investments), offering services, asset management services, marketing and advertising services, accounting and other administrative services, stockholder services, financing services, and disposition services, among others. In addition, a team of real estate and debt finance professionals, acting through RM Adviser, will make all the decisions regarding the selection, negotiation, financing and disposition of investments, subject to the limitations in agreement by and between RM Adviser and the Single Purpose Fund/Sponsor Entity.

#### Methods of Analysis

##### *Identification of Investments for the RM REITs*

RM Adviser sources potential investment opportunities through the officers of RM Adviser and the relationship as a wholly owned subsidiary of Realty Mogul. When considering whether, and in what manner, a potential investment opportunity should be purchased by the RM REITs, RM Adviser may consider and assess the appropriateness of each investment opportunity to the investment policies of the RM REITs; diversification and current asset concentration of the RM REITs; the amount of capital available at the time an investment is presented; requirements for conformity with IRS requirements for qualification as a REIT; requirements applicable to the respective RM REITs' exclusion from registration as an investment company under the Investment Company Act; and other similar factors.

##### *Income REIT - Investment Committee and Board of Managers*

RM Adviser has the authority to make all decisions regarding investments subject to the limitations in the LLC Agreement. A majority of the investment committee of RM Adviser will approve each of our investments. Jilliene Helman, our Manager's Chief Executive Officer, and Eric Levy, our Manager's Managing Director, make up RM Adviser's investment committee. In the event that a majority of the members of the investment committee are interested parties in a transaction, the board of managers will consider and vote upon the approval of the transaction.

##### *Apartment Growth REIT – Board of Directors*

If RM Adviser decides Apartment Growth REIT should pursue an investment, RM Adviser recommends the investment to Apartment Growth REIT's board of directors (the "**Board**"). A majority of the Board will approve each of Apartment Growth REIT's investments, and, if the particular transaction is with RM Adviser and one of its affiliates, the transaction must be approved by a majority of Apartment Growth REIT's directors, including a majority of its independent directors, who are not otherwise interested in the



transaction. The Board has preapproved investments that are less than 10% of the asset value of the RM REIT or have less than 75% leverage. There are currently three members of the Board.

#### *Single Purpose Fund/Sponsor Entity - Investment Committee*

If RM Adviser decides that a Single Purpose Fund/Sponsor Entity should pursue an investment, RM Adviser recommends the investment to RM Adviser's Investment Committee. A majority of the Investment Committee will approve each of the Single Purpose Fund/Sponsor Entity's investments. There are currently two members of the Investment Committee. So long as there are only two members of the Investment Committee, approval will require both members. RM Adviser will include any financing recommendations in its recommendation; however, exact financing terms may not be known prior to Investment Committee approval. The Investment Committee must approve the potential investment before the Single Purpose Fund/Sponsor Entity makes the investment.

#### Risk of Loss

Investing in real estate and real estate-related assets and securities involves risk of loss that clients, as well as investors in the RM REITs and Single Purpose Funds/Sponsor Entities, should be prepared to bear, including without limitation the risk of all or substantial loss of principal. No return is guaranteed, and there can be no assurances that the RM REITs, the Single Purpose Funds/Sponsor Entities or investors in the RM REITs and/or Single Purpose Funds/Sponsor Entities will achieve their desired return or risk profiles.

RM Adviser does not guarantee future performance or any specific level of performance, the success of any investment recommendation that RM Adviser may make, the success of any investment strategy that RM Adviser may use, or, in the case of the RM REITs or Single Purpose Funds/Sponsor Entities, the success of its overall management. Potential investors should understand that investment recommendations made by RM Adviser are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Investors are reminded that investing in any security, including those offered in the RM REITs or Single Purpose Funds/Sponsor Entities, entails risk of loss they should be willing to bear.

An investment in real estate-related investments, whether through an investment in the RM REITs or Single Purpose Funds/Sponsor Entities, is speculative and involves a significant degree of risk. Investments in real-estate related assets involve substantial risks and are suitable only for those investors who have the financial sophistication and expertise to understand and accept such risks, and the financial ability to bear the related risk of loss.

The following explanation of certain risks is not exhaustive, but rather highlights the significant risks involved in our investment strategies and methods of analysis. More detail on the investment strategy of the RM REITs or a particular Single Purpose Fund/Sponsor Entity advised by RM Adviser is included in their respective offering documents, which are provided to each investor prior to investing in the RM REITs or Single Purpose Fund/Sponsor Entity. As pertaining to the RM REITs, please carefully read the "Risk Factors" section of the RM REIT's respective offering circulars and any supplements thereto, available at [www.realtymogul.com](http://www.realtymogul.com), which contain important information about the risks of investing in the RM REITs.

#### *Material Risks Related to Investment Strategies*

**Risks of Investing in Real Estate-Related Assets.** Investments in real estate assets and real estate-related investments are subject to various risks associated with the real estate industry generally, including adverse changes in the financial conditions of tenants, buyers, and sellers of properties; the availability of

financing; real estate taxes, interest rates and other operating expenses; insurance; environmental laws and regulations, zoning laws, and other governmental rules and fiscal policies; the relative popularity of certain property types and locations; and the availability of certain construction materials. Developments in local financial and real estate markets over the past few years, and new developments in those markets, if they occur, may result in reductions in the value of real property interests. Real estate assets may be or become non-performing after acquisition for a wide variety of reasons. Such non-performing real estate investments may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial write-down of such loans or assets.

**Risks of Investing in Commercial Mortgage Loans.** The value of commercial mortgage loans and the underlying real estate will be influenced by the historical rate of commercial mortgage loan delinquencies and defaults and by the severity of resulting losses. Commercial mortgage loans are generally viewed as exposing a lender to a greater risk of loss through delinquency and foreclosure than lending on the security of single-family residences. The ability of a borrower to repay a loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property rather than upon the borrower's other income or assets, as most commercial mortgage loans provide recourse only to the property itself.

**Risks Associated with Equity Investments.** Equity securities of real estate companies involve a higher degree of risk than debt securities due to a variety of factors, including that such investments may be subordinate to creditors and are not secured by the issuer's property. Investments in real estate-related equity securities will involve special risks relating to the particular issuer of the equity securities, including the financial condition and business outlook of the issuer. Issuers of real estate-related equity securities generally invest in real estate or real estate-related assets and are subject to the inherent risks associated with real estate, including risks relating to rising interest rates. In addition, for certain equity investments, return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of the investment. Developments in global financial markets over the past few years and new developments in global and local markets, if they occur, may adversely impact the ability of the holder of those investments to dispose of investments at their expected returns.

**Economic Recession and Decrease in Real Estate Values.** Investments in real estate-related assets may be susceptible to economic slowdowns or recessions, which could lead to financial losses with respect to an investment and a decrease in revenues, net income and assets. An economic slowdown or recession, in addition to other non-economic factors such as an excess supply of properties, could have a material negative impact on the values of commercial real estate. Declining real estate values will likely reduce the availability of new real estate assets, since borrowers often use increases in the value of their existing properties to support the purchase or investment in additional properties. Borrowers may also be less able to pay principal and interest on the loans if the real estate economy weakens. Further, declining real estate values significantly increase the likelihood that investors will incur losses on their loans in the event of default because the value of the collateral may be insufficient to cover the costs on the loans. Any sustained period of increased payment delinquencies, foreclosures or losses could adversely affect both net interest income from loans in a client's portfolio as well as the client's ability to sell and securitize loans, which would significantly harm the client's returns.

#### *Other General Risk Factors*

**RM Adviser's Dependence on its Affiliates.** Realty Mogul has funded substantially all of its operations with proceeds from private financings. To meet its financing requirements in the future, it may raise funds through equity offerings, debt financings or strategic alliances. Raising additional funds may involve agreements or covenants that restrict Realty Mogul's business activities and options. Additional funding may not be available to it on favorable terms, or at all. If Realty Mogul is unable to obtain additional funds,

it may be forced to reduce or terminate its operations. Any inability for Realty Mogul to fund its operations could have a substantial and deleterious effect on RM Adviser's business and operations, including its management of the RM REITs and Single Purpose Funds/Sponsor Entities.

RM Adviser's supervised persons are all also employees of or independent contractors for Realty Mogul who perform services for the RM REITs and Single Purpose Funds/Sponsor Entities on behalf of RM Adviser through a shared services agreement between RM Adviser and Realty Mogul. The success of the RM REITs and Single Purpose Funds/Sponsor Entities are therefore dependent upon the performance of Realty Mogul's real estate finance professionals. Any adverse changes in Realty Mogul's financial condition or its relationship with Realty Mogul could hinder RM Adviser's ability to successfully manage its operations, the RM REITs, and Single Purpose Funds/Sponsor Entities.

**Dependence on Key Personnel.** The ability of RM Adviser to provide useful and effective investment advice in managing the RM REITs and Single Purpose Funds/Sponsor Entities is dependent in large part upon the skill and expertise of its key executives and top investment professionals. In addition, the success of investments of the RM REITs and Single Purpose Funds/Sponsor Entities are dependent on the skill and expertise of the key executives and top investment professionals of Realty Mogul and its affiliates, including RM Communities, LLC, an affiliate of RM Adviser, Realty Mogul Commercial Capital, Co. ("RMCC"), an affiliate of RM Adviser, or another affiliated lending and servicing entity (collectively, the "RM Originators"). There can be no assurance that such key executives will continue to be associated with RM Adviser or its affiliates. In addition, because RM Adviser's supervised persons also provide services to other Realty Mogul affiliates, they may have limited time to devote to RM Adviser and its clients.

**Limited Operating History of RM Adviser.** RM Adviser registered with the SEC as an investment adviser in 2016 and therefore has a limited history upon which prospective clients may evaluate its performance. The performance of prior investment entities or companies associated with the executives of RM Adviser is not necessarily indicative of future results. While RM Adviser intends to recommend investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that an investment will not incur significant losses. The loss of any client's or investor's entire principal is possible.

**Market Risks.** Some of the real estate-related assets recommended by RM Adviser are traded in active private markets. The values of such investments are susceptible to fluctuations based on market trends. Certain worldwide government bodies and central banks have responded to recent financial market turmoil with extraordinary intervention programs, the success of which has yet to be measured. Further changes in stock prices, interest rates, currency exchange rates, or commodity prices could result in changes in the broader marketplace that adversely affect the value of investments. Clients may have difficulty disposing of such investments at a price and on terms that are attractive.

**Risks of Environmental Liabilities.** Under various laws, ordinances, and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances and other environmental pollutants (including, without limitation, petroleum products, asbestos, and polychlorinated biphenyls) released on, about, under, or in the property. Environmental laws often impose this liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances or other environmental pollutants. The presence of hazardous substances or other environmental pollutants, or the failure to remediate hazardous substances or other environmental pollutants properly, may adversely affect the owner's ability to sell or use real estate or to borrow outside funds using real estate as collateral. Environmental liabilities with respect to a specific real estate asset may exceed the value of such asset.

**Regulatory Risks.** There is no assurance that RM Adviser or the RM Originators will be able to: (i) obtain all required regulatory approvals not yet acquired, or that may need to be acquired in the future; (ii) obtain

any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operations of a portfolio company, impede the development of real estate assets, delay the completion of a previously announced acquisition or sale to third parties, or otherwise result in additional costs to a portfolio company, or other investment, and in turn decrease the return to clients. The investment strategy is subject to complex, changing, and sometimes competing legal, tax, and regulatory regimes, and there is a possibility that new or changing regulatory requirements could have adverse effects on an investment.

**Legislative and Tax Risk.** Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation, and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations. RM Adviser does not engage in financial or tax planning, and in certain circumstances clients and/or investors in the RM REITs or Single Purpose Funds/Sponsor Entities may incur taxable income on their investments without a cash distribution to pay the tax due.

**Pandemics.** Disease pandemics, such as the recent Covid 19 pandemic, may cause viral diseases to negatively impact our business in ways that could lead to material impairments of our assets, increases in our allowance for credit losses and changes in judgments in determining the fair value of our assets. Conditions in bank lending, capital and other financial markets may deteriorate, and access to capital and other sources of funding may become constrained or more costly, which could materially and adversely affect the availability and terms of future borrowings, renewals, refinancings and other capital raises.

The COVID-19 Pandemic impacted, and may continue to impact, states and cities where properties in which we have investments are located. Preventative impact measures taken to alleviate the public health crisis, (e.g., “shelter-in-place” or “stay-at-home” orders issued by state and local authorities), have the potential to limit the operation of many businesses, or cause them to shut down operations altogether. Even if such orders are lifted, tenants or tenants’ businesses may be adversely impacted. Tenants at these properties may seek rent concessions as a result of mandatory closures.

Pandemics have also caused, and may in the future cause, severe economic, market and other disruptions worldwide. In addition, the deterioration of global economic conditions due to pandemics may ultimately decrease occupancy levels and pricing across our portfolio.

The extent of any pandemic’s effect on operational and financial performance will depend on developments such as the advent of subvariants, duration, spread and intensity of any outbreaks, all of which are uncertain and difficult to predict. We are not able at this time to estimate the effect of these factors on our business, but the adverse impact on our business could be material.

#### *Risks Specifically Associated with the RM REITs*

**Risks Related to Identification of Investments and Due Diligence.** Before making an investment, RM Adviser assesses the strengths and weaknesses of each originator or issuer of an asset as well as other factors and characteristics that are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, RM Adviser relies on resources available to it and, in some cases, an investigation by third parties. This process is particularly important with respect to newly formed originators or issuers with unrated or other subordinated tranches of CMBS and CDOs because they may be little or no information publicly available about these entities and investments. There can be no assurance that RM Adviser’s due diligence process will uncover all relevant facts or that any investment will be successful.

In addition, the methods of analysis that RM Adviser employs when determining whether to recommend that the RM REITs make a particular investment may be subjective and are subject to its assessment of many variables, including those described above in this Item 8. These variables (among others) and their impact on the RM REITs may cause the RM REITs to lose money over short or long periods. As a result, there can be no assurance that RM Adviser's recommendations will satisfy the investment objectives of the RM REITs or that the RM REITs will be able to carry out its investment strategy successfully.

**Concentrated Investments and Risk of Default.** While RM Adviser intends to diversify the portfolio of real-estate investments of the RM REITs, RM Adviser is not required to observe specific diversification criteria. RM Adviser has not established and does not plan to establish any investment criteria to limit the RM REITs' exposure to these risks for future investments. To the extent that the RM REITs' portfolios are concentrated in any one geographic region or type of security, downturns relating generally to such region or type of security may result in defaults on a number of the RM REITs' investments within a short time period, which may reduce the RM REITs' net income and the value of its shares and accordingly may reduce its ability to pay distributions to investors.

**Limited Number of Investments.** Particularly in the period after the RM REITs are initially formed, they may hold a limited number of investments or a limited number of asset classes and, as a consequence, the aggregate return of the RM REITs may be substantially adversely affected by the unfavorable performance of even a single investment. Further, as a Regulation A offering, the RM REITs are only allowed to raise up to \$75 million in any 12-month period (although the RM REITs may raise capital in other ways). RM Adviser expects the size of the commercial real estate investments will average about \$1.0 million to \$10.0 million per asset. As a result, the amount of proceeds raised may be substantially less than the amount needed to achieve a diversified portfolio of real estate investments, even if the RM REITs are successful in raising the maximum offering amount. If the RM REITs do not raise substantial funds, there will be fewer investments resulting in less diversification in terms of the type, number and size of investments. In that case, the likelihood that any single asset's performance would adversely affect the RM REITs' profitability will increase.

**Blind Pool Offering.** RM Adviser will seek to invest substantially all of the offering proceeds of the RM REITs available for investment, after the payment of fees and expenses, in commercial real estate loans, commercial real estate and other real estate-related assets. However, investors in the RM REITs will be unable to evaluate the economic merit of assets before RM Adviser invests in them and will need to rely entirely on the ability of RM Adviser to select suitable and successful investment opportunities. Furthermore, RM Adviser will have broad discretion in implementing policies regarding mortgagor creditworthiness, and investors will not have the opportunity to evaluate potential borrowers.

**Illiquidity of Investments in the RM REITs.** Currently, there is no public market for the RM REITs' shares. The RM REITs have adopted a redemption plan whereby shareholders may redeem up to 25% of their shares quarterly. There is a discount for liquidating shares in the first 3 years and a lock up for the first year. The board of managers of Income REIT and the board directors of Apartment Growth REIT may amend, suspend or terminate the RM REITs' redemption plans without notice. Given the restrictions on redemptions, it may be difficult for an investor to sell its shares promptly or at all. If an investor in the RM REITs is able to sell its shares, it would likely have to sell them at a substantial discount to the public offering price. Because of the illiquid nature of the RM REITs' shares, investors should purchase the RM REITs' shares only as a long-term investment and be prepared to hold them for an indefinite period of time.

**Illiquidity of Investments by the RM REITs.** Most investments purchased by the RM REITs are highly illiquid. It is unlikely that there will be a public market for most of the investments. The RM REITs may not

be able to sell assets purchased by the RM REITs unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In some cases, the RM REITs may be prohibited by contract or regulatory requirements from selling investments for a period of time. In addition, the types of investments held by the RM REITs may be such that they require a substantial length of time to liquidate. In the event of a margin call at a time in which the RM REITs do not have sufficient cash assets to cover such call, the RM REITs may have to liquidate certain investments at less than their expected returns, thereby resulting in lower realized proceeds to the RM REITs.

**Limited Current Return.** For certain equity investments, the RM REITs' return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of the RM REITs' investment. Developments in global financial markets over the past few years and new developments in global and local markets, if they occur, may adversely impact the ability of the RM REITs to dispose of equity investments at their expected returns. Current returns from these equity investments may vary, as RM Adviser generally attempts to maximize realized returns on their disposition, and as such, will generally not favor early liquidation of an equity investment or foregoing potential disposition upside to maximize current returns.

**Investing in Mezzanine Loans/B-Notes/Preferred Equity.** RM Adviser may recommend that the RM REITs invest in mezzanine loans that take the form of subordinated loans secured by a pledge of the ownership interests of either the entity owning the real property or an entity that owns (directly or indirectly) the interest in the entity owning the real property or b-notes which are subordinated to a notes or preferred equity that are not secured by a mortgage. These types of investments may involve a higher degree of risk than long-term senior mortgage lending secured by income-producing real property because in the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, the assets of the entity may not be sufficient to satisfy our mezzanine loan/b note/preferred equity. If a borrower defaults on a subordinated investment, or in the event of a borrower bankruptcy, the subordinated investment will be satisfied only after the senior debt. As a result, the RM REITs may not recover some or all of its investment. In addition, subordinated investments may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the real property and increasing the risk of loss of principal.

**Changes to Targeted Investments.** RM Adviser may change the RM REITs' targeted investments and asset allocation at any time without the consent of the RM REITs' respective shareholders, which could result in the RM REITs making investments that are different from, and possibly riskier than, the investments described in this Brochure or the offering documents for the RM REITs. A change in the RM REITs' targeted investments may increase their exposure to interest rate risk, default risk and real estate market fluctuations, all of which could adversely affect the value of Income REIT's common shares and Apartment Growth REIT's common stock and their ability to make distributions to investors. Furthermore, a change in the RM REITs' asset allocation could result in its making investments in asset categories different from those described in this Brochure.

**Risks Related to Minimal Operating Capital.** The RM REITs have minimal operating capital, and for the foreseeable future will be dependent upon their ability to finance their operations from the sale of equity or other financing alternatives. There can be no assurance that the RM REITs will be able to successfully raise operating capital. The failure to successfully raise operating capital, and the failure to attract qualified real estate companies and sufficient investor purchase commitments, could result in the RM REITs' bankruptcy or other event which would have a material adverse effect on the RM REITs and the value of their shares. The RM REITs do not have significant assets or financial resources, so such an adverse event could put investment dollars at significant risk.

**Limited History.** As Income REIT commenced operations in August 2016, and Apartment Growth REIT commenced operations in September 2017, they have a limited operating history, upon which prospective investors may evaluate its performance or base a prediction of future success or failure. The performance of prior investment entities or companies associated with the executives of RM Adviser is not necessarily indicative of the RM REITs' future results. While RM Adviser intends for the RM REITs to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the RM REITs will not incur significant losses. The loss of any investor's entire principal is possible.

**Valuation of Investments.** The RM REITs' investments may include numerous illiquid, subordinate, non-traded, or lightly traded investments for which a traditional fair market value would be difficult and expensive, if not impossible, to determine. Therefore, RM Adviser will typically use either the principal amount of a loan or its discounted cash-flow value as a surrogate for traditional fair market value calculations and may use valuations based on discounted cash-flow projections even when market values are available. Discounted cash flow estimates involve calculations of expected future cash flows, the timing of receipt of those expected cash flows, and the discount rate applied to the overall cash flows. The discounted cash-flow value of an asset includes unrealized gains and losses and may be adjusted by any cash distributed or contributed to the RM REITs or to reflect any permanent impairments to the asset values as determined by RM Adviser. Therefore, the value of assets based on discounted cash flows may vary from actual amounts realized upon the disposition of those assets being valued. There can be no assurances that valuation determinations based on discounted cash flow, or the assumptions used to make those determinations, will prove to be accurate. The RM REITs may, in limited situations such as with larger investments comprised of a single asset, rely on valuations it receives from third parties in determining the price paid for assets or the value of such asset. Such valuations may turn out to be inaccurate and therefore affect the RM REITs' returns with respect to such assets. There can be no certainty that the price paid for an asset by the RM REITs will be equal to or less than the determined fair value, and as such, this may have an impact on the fair value as it is calculated on a discounted cash-flow, rather than a price-paid, basis, and may have an impact on the performance reported to the RM REITs' investors with respect to individual assets and the RM REITs' entire portfolios.

**Investments Originated by RM Adviser Affiliates for Income REIT.** An RM Originator may be entitled to certain fees as further described in Item 5 for originating commercial loans and equity investments that Income REIT and Apartment Growth REIT may purchase. Income REIT and Apartment Growth REIT will not pay these fees directly, but RM Adviser may be incentivized to prioritize loans, preferred equity investments or other investments originated by an RM Originator over investments originated by an unaffiliated third party. Further, while RM Adviser will attempt to make investments that allow Income REIT and Apartment Growth REIT to maintain their qualification as REITs and maintain their exclusion under the Investment Company Act, RM Adviser has some latitude on the types of investments that it may approve. Within these constraints, RM Adviser may have an incentive to prioritize joint venture equity investments over debt and preferred equity investments because its affiliates could earn more total compensation from a joint venture equity investment than from a debt and preferred equity investment. This incentive could lead to RM Adviser approving joint venture equity investments that it would not otherwise approve or to overweighting joint venture equity investments in the portfolios of Income REIT and Apartment Growth REIT.

**Risks Related to the Realty Mogul Platform.** Income REIT and Apartment Growth REIT conduct their offerings through the Realty Mogul Platform, which is operated by RM Technologies, LLC, an affiliate of Realty Mogul, Co., with all sales of the common shares of Income REIT and Apartment Growth REIT expected to be executed through RM Securities. Realty Mogul, Co.'s affiliates have sponsored other real estate investment opportunities under other formats prior to the current Apartment Growth REIT and Income REIT offerings. The success of RM REITs' offerings, and RM Adviser's ability to implement their business strategies, is dependent upon RM Securities' ability to execute sales of their shares to investors

on the Realty Mogul Platform. If RM Adviser is not successful in selling their shares through RM Securities on the Realty Mogul Platform, their ability to raise proceeds through will be limited and they may not have adequate capital to implement their investment strategies. Additionally, given the different regulatory regime and advertising restrictions placed on these types of offerings from offerings accomplished on the Realty Mogul Platform in the past, it is crucial to the success of these offerings that they be properly segregated from the other offerings on the Realty Mogul Platform. If they are unsuccessful in raising proceeds through these offerings, and, in turn, implementing their investment strategies, the value of investors investments could be adversely affected.

#### *Risks Specifically Associated with the Single Purpose Funds and Sponsor Entities*

**Concentrated Investments and Risk of Default.** Single Purpose Funds and Sponsor Entities typically invest in an individual asset creating a concentration risk related to any one geographic region, downturns relating generally to such region may result in default within a short time period, which may reduce the Sponsor Entity's net income and accordingly may reduce the ability to pay distributions to investors.

**Limited Number of Investments.** Single Purpose Funds and Sponsor Entities typically will hold an individual investment in an individual asset class and, as a consequence, the return of the Single Purpose Fund and Sponsor Entities may be substantially adversely affected by the unfavorable performance of the investment.

**Risks of Private Placements.** A security exempt from registering with the U.S. Securities and Exchange Commission and state securities regulator is often referred to as a private placement or unregistered offering.

- Only an "accredited investor" (as defined in Rule 501 of Regulation D under the Securities Act of 1933) should invest in a private placement offering.
- Private placement offerings often are speculative, high risk and illiquid investments. An investor can lose his or her entire investment in a private placement offering.
- Private placement offerings are not subject to same laws and regulations, which are designed to protect investors, as registered securities offerings.
- Private placement offerings have not been reviewed by a regulator to make sure risks associated with the risks of private placement investment have been adequately disclosed to prospective investors.
- Private placement offerings often project higher rates of return, but this is typically because the risks of the underlying the private placement investment are also higher.
- Private placement offerings are generally illiquid, meaning there are limited opportunities to resell the underlying security of the private placement. Therefore, an investor may be forced to hold the private placement security indefinitely.
- Investors in a private placement offering are usually provided with less disclosure information than they would receive in a public securities offering. Consequently, investors know much less about the private placement investment and the people behind it.
- Private placement offerings have been used by fraudsters in the past, and consequently private placement offerings are one of the most frequent sources of enforcement cases conducted by state securities regulators. It may be very difficult or impossible for an investor in a private placement offering to recover the money invested from the sponsor of the private placement offering if such offering turns out to be fraudulent.



- Before investing in a private placement offering, an investor should carefully read and fully understand the subscription agreement and the offering memorandum/private placement memorandum.
- For additional details about private placement offerings and red flags associated with such offerings, please visit [http://www.sec.gov/oiea/investor-alertsbulletins/ib\\_privateplacements.html#.VDane410yUk](http://www.sec.gov/oiea/investor-alertsbulletins/ib_privateplacements.html#.VDane410yUk).

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

RM Adviser is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. RM Adviser has no information it is required to disclose in response to this Item.

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

##### Material Relationships with "Related Persons"

RM Adviser has the following material relationships with affiliates that participate in various financial industry activities.

##### *RM Admin, LLC*

RM Admin, LLC ("**RM Admin**"), as a wholly owned subsidiary of Realty Mogul, is a commonly controlled affiliate of RM Adviser. Because RM Adviser and RM Admin are commonly controlled affiliates, certain executive officers and personnel of RM Adviser also serve as executive officers and personnel of RM Admin. RM Adviser believes the conflict is mitigated because of RM Adviser's affiliates institutional knowledge of the entities for which it provides services and believes it is in the best interest of those vehicles to use the services of an affiliate.

##### *RM Manager, LLC*

RM Manager, LLC ("**RM Manager**"), as a wholly owned subsidiary of Realty Mogul, is a commonly controlled affiliate of RM Adviser. RM Manager is an exempt reporting adviser and has filed notice with the SEC. Because RM Adviser and RM Manager are commonly controlled affiliates, certain personnel of Realty Mogul Co. perform certain administrative services for RM Adviser and RM Manager. RM Adviser believes that any conflict arising from shared administrative services is mitigated because both RM Adviser and RM Manager have policies and procedures designed to establish operational independence.

##### *Realty Mogul, Co.*

#### **Shared Services Agreement**

RM Adviser maintains a shared services agreement with its parent Realty Mogul, the sponsor of the Realty Mogul Platform, through which employees of Realty Mogul also perform certain activities as supervised persons of RM Adviser. Realty Mogul has implemented policies and procedures to ensure that such employees provide the necessary support and assistance RM Adviser, and its clients require or would receive if it had employees that were solely its own. Additionally, RM Adviser's Code of Ethics, described below, requires each supervised person to act in the best interests of its clients.

### *Income REIT*

RM Originators may originate or purchase loans or preferred equity investments that are purchased by Income REIT. RM Originators may receive fees related to these loans, as described above under Item 5, Fees and Compensation.

This relationship creates a conflict of interest because RM Adviser may recommend loans or preferred equity investments originated by RM Originators over those from third parties, to ensure that RM Originators receives associated fees, possibly to the detriment of Income REIT. In addition, because Income REIT may purchase loans or preferred equity investments originated by RM Originators, RM Originators may have an incentive to overvalue the price of a loan or preferred equity investment and/or “dump” a loan or preferred equity investment through such sales, to the detriment of Income REIT.

To address these conflicts, RM Adviser has adopted a policy that Income REIT will only purchase loans or preferred equity investments from RM Originators at the par value of the loan or preferred equity investment which is less an amount equal to the amount of any principal payments already paid with respect to that loan or preferred equity investment and plus an amount to account for intra-period interest. Because most loans or preferred equity investments are acquired by RM Originators and sold to Income REIT almost immediately, in the majority of cases this policy protects against the ability of RM Adviser to inflate a loan’s price. In certain cases, however, Income REIT may purchase a loan or preferred equity investment at a price different from the principal value. This occurs most frequently when loans or preferred equity investments are held by Realty Mogul beyond the second principal payment by a borrower. After that point, valuation becomes more complicated, because variables such as payment history, changes to the borrower’s financial status, and changing market conditions may also cause a loan or preferred equity investment’s value to deviate from the original cost. To address this issue, in cases where a loan or preferred equity investment is held by RM Originators beyond the second principal payment, RM Adviser requires the Board of Managers of Income REIT to review the purchase of the loan or preferred equity investment and approve or reject the transaction. To the extent that any interest payments have been previously made to RM Originators on such loans or preferred equity investments, RM Originators may retain such interest payments, and RM Originators may increase the purchase price of the loan or preferred equity investment to cover any intra-period interest payments that would otherwise be owed to RM Originators.

The approval of the Board of Managers, together with the other policies described above, serve as a check on any ability of RM Adviser to overvalue the loans and protect against RM Adviser allowing its affiliate to “dump” a low-quality loan into Income REIT.

### *Apartment Growth REIT*

RM Originators may originate or purchase preferred equity investments that are purchased by Apartment Growth REIT. RM Originators may receive fees related to these loans, as described above under Item 5, Fees and Compensation.

This relationship creates a conflict of interest because RM Adviser may recommend preferred equity investments originated by RM Originators over those from third parties, to ensure that RM Originators receives associated fees, possibly to the detriment of Apartment Growth REIT. In addition, because Apartment Growth REIT may purchase loans or other investments originated by RM Originators, RM Originators may have an incentive to overvalue the price of a loan or other investment and/or “dump” a loan or other investment through such sales, to the detriment of Apartment Growth REIT.

To address these conflicts, RM Adviser requires such affiliated transactions to be approved by the board of directors, including a majority of our independent directors.

The approval of the Board of Directors, together with the other policies described above, serve as a check on any ability of RM Adviser to overvalue the loans or other investments and protect against RM Adviser allowing its affiliate to “dump” a low-quality loan or other investment into Apartment Growth REIT.

### Loan Warehousing

With respect to the RM REITs, in certain cases, Realty Mogul and its affiliates may purchase loans or preferred equity investments and hold them until the RM REITs are able to purchase the loan or preferred equity investment through a “warehousing” arrangement between the two entities. These transactions could raise similar conflicts of interest to those related to loans originated by Realty Mogul, discussed above – for example, RM Adviser may be incentivized to allow Realty Mogul to overprice or “dump” loans or preferred equity investments into the RM REITs to the disadvantage of the RM REITs. As a result, the Board of Managers of Income REIT and the Board of Apartment Growth REIT also approve any such transactions.

### Lending to the RM REITs

The RM REITs may also borrow funds from Realty Mogul or other affiliates including RMCC to purchase loans and other assets. Any such loans create conflicts of interest. For example, RM Adviser may be incentivized to consent to the RM REITs borrowing funds from RM Originators at an above-market interest rate, which would benefit Realty Mogul while disadvantaging the RM REITs. To mitigate this conflict of interest, RM Adviser requires approval from the Board of Managers of Income REIT and the Board of Directors of Apartment Growth REIT for any such loans.

However, Income REIT can accept the following loans from RM Originators without approval from its Board of Managers if the lending arrangement meets the following criteria: (i) the total of all unsecured related-party loans, in the aggregate, does not exceed \$20 million; and (ii) no outstanding related-party loan carries an interest rate that exceeds the then-current applicable prime rate under the Internal Revenue Code with respect to such loans. With respect to Apartment Growth REIT, the Board of Directors has authorized Apartment Growth REIT to accept, without prior approval, loans from RM Originators that (i) do not exceed \$20 million, (ii) provide for no more than three principal payments and (iii) do not carry an interest rate that exceeds the then current applicable prime rate with respect to such loans. These conditions are designed to limit the impact of any such loans on the RM REITs and to ensure that the loans are in line with market practices.

### *The RM Originators*

The RM Originators are responsible for originating and/or purchasing loans and equity investments, including preferred equity investments, that will be offered to the RM REITs. This arrangement could result in the same types of conflicts described above for Realty Mogul and Income REIT: that is, other RM Originators could also overprice or “dump” loans into the RM REITs, and/or RM Adviser could have an incentive to purchase these investments regardless of whether they are appropriate for Income REIT. Further, many of the loans or similar investments that RM Adviser recommends to Income REIT are originated by the RM Originators. In connection with these loans or investments, Income REIT pays servicing and administrative fees to a loan servicer, which may be RMCC, an affiliate or a third-party loan servicer. This fee is typically 0.50% of the principal balance of each loan or similar investment. The servicing fee is calculated as an annual percentage of the stated value of the asset and is deducted at the time that

payments on the asset are made. The fee is deducted in proportion to the split between accrued and current payments. Income REIT also typically pays a 1% special servicing fee on the original value of a loan or investment to the servicer, in addition to other out-of-pocket expenses payable to third parties such as legal fees or foreclosure expenses, in the event that it is deemed to be a non-performing asset by RM Adviser. These conflicts are addressed through the same types of policies described above with respect to Realty Mogul's role originating and selling loans recommended by RM Adviser, which also apply to loans purchased from the other RM Originators.

RM Adviser will allocate investment opportunities among the RM REITs based on the diversification and current asset concentration of each entity; the amount of capital available to each entity at the time an investment is presented; and other similar factors. To the extent that, based on these factors, an investment opportunity is an appropriate investment for more than one of the RM REITs, RM Adviser's investment committee will allocate the new investment opportunity to a RM REIT based on which entity has gone the longest period of time without making an investment. Although RM Adviser follows these general allocation policies, RM Adviser may deviate from these policies if adherence to these policies would cause the applicable entity to become subject to regulation under the Investment Company Act or to fail to meet the requirements for REITs set forth in the Code, or if other factors exist that affect whether the investment would be in the best interest of the respective entity.

#### *Realty Mogul Commercial Capital, Co.*

RMCC as a wholly owned subsidiary of Realty Mogul, is a commonly controlled affiliate of RM Adviser and is material to RM Adviser's advisory business because RMCC may originate a commercial real estate loan or preferred equity investment that is sold to the RM REITs. In connection with such transactions, RMCC may receive an origination fee up to 3% of the financing amount for originating a commercial real estate loan and/or for making a preferred equity investment that is sold to the RM REITs. In addition, RMCC may be entitled to any extension fees, modification fees, exit fees, prepayment fees or default interest by the borrower. The foregoing fees will be paid by the borrower or sponsor and not by the RM REITs. The actual amount of the origination fees, extension fees, and exit fees that will be paid are dependent upon the total transaction amount funded. These fees reduce the amount of funds available to pay distributions to investors, thereby reducing the RM REIT's returns in that particular investment.

Further, from time to time, a Single Purpose Fund/Sponsor Entity in which the RM REITs invests may pay RMCC: (i) a financing coordination fee and credit guarantee fee up to 1% of the financing amount for providing services in connection with arranging the debt or providing a credit guarantee in connection with the financing, (ii) a buyer's real estate brokerage fee / real estate due diligence fee / acquisition fee up to 3% of the total contract purchase price of the underlying property, and/or (iii) a seller's real estate brokerage fee / real estate disposition fee up to 2% of the contract sales price of the underlying property for providing disposition services for the underlying property. A portion of these fees may be paid to personnel affiliated for their roles in the investment opportunity, including Jilliene Helman, an officer of RM Adviser. The foregoing fees will be paid by the particular Single Purpose Fund/Sponsor Entity and not by the RM REITs. The actual amounts of the foregoing fees are dependent upon the total invested equity, transaction sizes and distributable cash. These fees reduce the amount of funds that are invested in the underlying real estate or the amount of funds available to pay distributions to investors, thereby reducing the RM REIT's returns in that particular investment.

To address these conflicts, RM Adviser has adopted policies requiring any fees paid to RMCC to be reasonable and no higher than normally paid for these types of services.

#### *RM Communities, LLC*

RM Communities, LLC (“**RM Communities**”), as a wholly owned subsidiary of Realty Mogul, is a commonly controlled affiliate of RM Adviser and is material to RM Adviser’s advisory business because it is the sponsor and/or manager of certain special purpose entities in which the RM REITs invest. RM Communities is entitled to certain fees in connection with such transactions, which will be paid by the particular special purpose entity and not by the respective RM REIT: (i) buyer’s real estate brokerage fee / real estate due diligence fee / real estate acquisition fee up to 3.00% of the total contract purchase price of the property, (ii) an asset management fee equal to an annualized 1.50% of Effective Gross Income that will be paid monthly for asset management services related to the underlying property, (iii) a seller’s real estate brokerage fee / real estate disposition fee equal to an amount up to 2% of the total contract sales price of a property, (iv) a construction management / capital expenditure management fee equal to an amount up to 5% of the aggregate expenditures, and (v) financing coordination fee and credit guarantee fee equal to an amount up to 1% of the financing amount. Effective Gross Income means the underlying property’s potential gross rental income plus other income less vacancy and credit costs for any applicable period. Additionally, RM Communities manages certain private real estate funds which can co-invest alongside the RM REITs and can be entitled to certain rights, fees and other incentives in connection with such co-investments. Moreover, RM Communities and/or its wholly owned subsidiary is entitled to a promoted interest in amounts equal to 30% and 50% of the special purpose entity’s distributable cash in certain circumstances pursuant to the terms of the operating agreement of the special purpose entity. A portion of the promoted interest is paid to affiliates of RM Communities, including the real estate funds it manages and personnel affiliated with RM Communities and RM Adviser, including Jilliene Helman, Chief Executive Officer of RM Adviser, and Eric Levy, Managing Director of RM Adviser. The RM REITs will not be entitled to any such promoted interest.

This relationship creates a conflict of interest because RM Adviser may recommend investments sponsored and/or managed by RM Communities over those sponsored and/or managed by third parties, to ensure that RM Communities receives associated fees, possibly to the detriment of the particular RM REIT. To address these conflicts, RM Adviser requires that the Board of Managers of Income REIT and the Board of Apartment Growth REIT review and approve any transactions involving certain conflicts of interest and to determine whether the resolution of such conflicts in the applicable transaction is fair and reasonable to the particular RM REIT.

Additionally, affiliates of RM Adviser and other personnel affiliated with RM Adviser, including Ms. Helman, may co-invest directly in an investment opportunity sponsored by RM Communities, including real estate funds and private offerings sponsored by RM Communities. These affiliates may be entitled to certain rights, fees and other incentives in connection with such co-investments. As a result of the above, the judgement of such affiliates can be influenced by their interests in such equity investments and co-investments, which interest can diverge from, and cause these affiliates to take actions contrary to, our best interest. As a result of any conflicts of interest associated with such co-investments, to the extent applicable, affiliated parties who will have a co-investment in a particular investment opportunity, including Ms. Helman, will not participate in any determination regarding the approval of such investment opportunity.

#### *RM Sponsor, LLC*

RM Sponsor, as a wholly owned subsidiary of Realty Mogul, is a commonly controlled affiliate of RM Adviser and is material to RM Adviser’s advisory business because it is the sponsor of the RM REITs. RM Sponsor does not receive any fees in this role. We do not believe this relationship raises any conflicts of interest.

RM Technologies, as a wholly owned subsidiary of Realty Mogul, is a commonly controlled affiliate of RM Adviser and is material to RM Adviser's advisory business because it operates an online investment platform, [www.realtymogul.com](http://www.realtymogul.com), which is referred to as the Realty Mogul Platform in our offerings. With the exception of offerings through select RIA partners, the RM REIT's and single purpose entities' offerings are offered exclusively through the Realty Mogul Platform and executed through RM Securities. We do not pay RM Technologies any sales commissions or other remuneration for hosting offerings on the Realty Mogul Platform. We do not believe this relationship raises any conflicts of interest.

*RM Securities, LLC*

RM Securities, LLC ("**RM Securities**"), as a wholly owned subsidiary of Realty Mogul, is a commonly controlled affiliate of RM Adviser and an SEC-registered broker-dealer (member [FINRA](#)/[SIPC](#)). All sales of the common shares of Income REIT and Apartment Growth REIT are executed through RM Securities. Jilliene Helman Chief Executive Officer of RM Adviser, and certain employees or independent contractors of Realty Mogul who provide services to RM Adviser under the shared services agreement with Realty Mogul, are also registered with RM Securities. This creates a conflict of interest as some dually affiliated persons have a financial incentive to recommend investments in the Income REIT and Apartment Growth REIT.

Recommendation of Other Investment Advisers

RM Adviser does not recommend other investment advisers to clients for which it receives any direct or indirect compensation.

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

Code of Ethics Adopted Pursuant to SEC Rule 204A-1

RM Adviser has adopted a Code of Ethics ("**Code of Ethics**") in compliance with Rule 204A-1 under the Advisers Act. The Code of Ethics sets forth certain standards for employees of RM Adviser ("**Supervised Persons**"), including those who work for RM Adviser under the shared services agreement with Realty Mogul. Among other policies, the Code of Ethics includes a personal trading policy ("**Personal Trading Policy**") and an insider trading policy ("**Insider Trading Policy**") as described below. In addition, the Code of Ethics requires disclosure by RM Adviser's personnel of conflicts of interest with respect to its clients, and establishes policies regarding other matters, such as giving or receiving gifts and entertainment.

Under appropriate circumstances, RM Adviser's Chief Compliance Officer may grant waivers of certain provisions of the Code of Ethics to one or more Supervised Persons. In such circumstances, RM Adviser will endeavor to establish adequate controls regarding the activities of Supervised Persons to comply with the principles set forth in the Code of Ethics.

The Code of Ethics has been adopted in recognition of RM Adviser's fiduciary duty to place the interests of its clients before the interests of RM Adviser and its Supervised Persons, which must be upheld, in part, by addressing both actual and perceived conflicts of interest. The Code of Ethics is intended to promote ethical conduct, provide guidelines and reporting requirements to help ensure compliance by RM Adviser and its Supervised Persons with applicable federal and state securities laws and regulations, and reinforce the fiduciary principles that govern the conduct of RM Adviser and its Supervised Persons.

RM Adviser will provide a copy of the Code of Ethics to any client, prospective client, or investor or prospective investor in the RM REITs or Single Purpose Funds/Sponsor Entities managed by RM Adviser upon written request to the Chief Compliance Officer via email at [RMAdviser@RealtyMogul.com](mailto:RMAdviser@RealtyMogul.com).

### *Personal Trading Policy*

While clients and Supervised Persons may invest, or may have already invested, in obligations and/or other securities that are identical to or senior to, or have interests different from or adverse to, eligible client investments, the Code of Ethics includes certain provisions regarding transactions in certain securities (“**Reportable Securities**”) and other investments by Supervised Persons. The Code of Ethics, among other things, requires Supervised Persons to pre-clear the purchase or sale of Reportable Securities, including transactions in initial public offerings and limited offerings or private placement securities. Requests for trading authorization will be denied when, among other reasons, the proposed personal transaction would be contrary to the provisions of the Code of Ethics. Supervised Persons are required to provide initial and annual reports of holdings of Reportable Securities and quarterly reports of transactions involving Reportable Securities. Transactions in Reportable Securities are reviewed for compliance with the Code of Ethics. If a personal securities holding, outside affiliation or other arrangement creates a material conflict of interest with respect to the interests of RM Adviser’s clients, RM Adviser may require the affected Supervised Person to recuse themselves from involvement with related transactions or impose other restrictions to mitigate the conflict.

### *Insider Trading Policy*

RM Adviser may, from time-to-time, come into possession of material, nonpublic and other confidential information which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, RM Adviser and Supervised Persons are prohibited from improperly disclosing or using this information for their personal benefit or for the benefit of any other person, regardless of whether such other person is an advisory client. Accordingly, should RM Adviser and/or Supervised Persons come into possession of material, nonpublic or other confidential information with respect to any company, issuer or security, they may be prohibited from communicating such information to, or using such information for the benefit of, their respective clients. RM Adviser and Supervised Persons have no obligation to disclose the information to or use such information for the benefit of clients. RM Adviser and Supervised Persons also do not have any responsibility or liability for failing to disclose such information to clients as a result of following RM Adviser’s policies and procedures designed to ensure that RM Adviser and its Supervised Persons comply with their obligations with respect to such information.

The Code of Ethics establishes procedures to prevent the misuse of material nonpublic information by all of RM Adviser’s employees, officers, directors and other Supervised Persons. Any member, officer, director, or employee of RM Adviser or other Supervised Person who fails to observe the above-described policies risks serious sanctions, including dismissal and personal liability.

### Participation or Interest in Client Transactions

As discussed above, the RM REITs, which are managed by RM Adviser, make investments into real estate investment and funds as well as Sponsor Entities that are managed by RM Adviser or an affiliate of RM Adviser, including RM Communities. As a result, RM Adviser or an affiliate of RM Adviser is compensated, and certain officers of RM Adviser or an affiliate of RM Adviser are also compensated. Because our recommendation that clients of RM Adviser invest in RM Adviser’s or affiliate or RM Adviser’s managed products is an inherent conflict of interest that cannot be completely overcome, we strongly encourage all investors consult with legal counsel, an accountant, a third-party investment adviser not affiliated with RM Adviser, or any other financial professional of the investor’s choosing who is not affiliated with RM

Adviser or an RM Adviser affiliated company for a “second opinion” before investing in RM Adviser managed product. We also disclose this conflict in our offering documents and disclose fees paid in publicly filed RM REIT supplements.

#### *Compensation Based on Transactions by the RM REITs*

As discussed above, RM Adviser recommends that the RM REITs purchase investments that result in fees being paid to Realty Mogul, RMCC, RM Communities, and other affiliates. RM Adviser mitigates these conflicts of interest using the policies described in Items 5 and 10.

#### *Advances to the RM REITs*

RM Adviser or an affiliated entity may, from time-to-time and in limited circumstances, advance funds to the RM REITs as necessary for the RM REITs to pay their operating expenses and/or satisfy margin calls or other financing needs. Any such advances by RM Adviser or an affiliated entity will not be included in the RM REITs’ assets under management for purposes of calculating fees for asset management services. RM Adviser also does not receive any interest with respect to such advances, but RM Adviser is generally entitled to seek reimbursement at times when the RM REITs have sufficient working capital and the payment of such reimbursement would not require, by itself, the RM REITs to liquidate any of their investments.

RM Adviser’s right to be repaid any outstanding advances is senior in priority to the RM REITs’ investors’ distribution rights. Such advances are at RM Adviser’s or its affiliates’ sole discretion, and there can be no assurance that RM Adviser or its affiliates will continue to provide such advances. If RM Adviser is unwilling or unable to make such advances in the future, then it may be required to seek other sources of funds in order to meet its financing needs and may be required to pay interest on such funds.

This is not to be confused with loans that are made to the RM REITs by an affiliate of RM Adviser, RMCC, who is paid interest on those loans.

#### *Investments by affiliates of RM Adviser alongside the RM REITs*

The single purpose entities managed by RM Adviser’s affiliates, including RM Manager and real estate funds managed by RM Communities, may, from time to time, invest in the same securities that are recommended to and/or invested in by the RM REITs. If the fees that will be received by RM Adviser or such affiliates based on investments in securities by such affiliates, on the one hand, would be greater or less than the fees that will be received by RM Adviser based on investments by the RM REITs, on the other, RM Adviser may have an incentive to allocate more investments to one set of investors over another, regardless of whether that allocation is in the best interest of the RM REITs as their client.

### **Item 12: Brokerage Practices**

RM Adviser does not utilize broker-dealers for its client’s investment activities. RM Adviser does not provide advisory services to individual clients, and, as such, does not receive client referrals from broker-dealers or require or permit directed brokerage services, or aggregate the sale of securities for client accounts. RM Adviser does not currently have any soft dollar benefit arrangements.

RM Adviser uses RM Securities to execute all sales of the RM REIT’s common shares and of any interests in Single Purpose Funds. RM Securities is an affiliate of RM Adviser, and is a wholly owned subsidiary of Realty Mogul, Co. Pertaining to the RM REITs, RM Sponsor has entered into a Selling and Distribution



Agreement with RM Securities for the sale of shares of Income REIT and Apartment Growth REIT. Pursuant to the Selling and Distribution Agreements, RM Sponsor will pay up to a 1.00% commission on the proceeds from the sale of any shares that the broker executed. These commissions will not be paid by, or charged to, either of the REITs or its investors. Additionally, RM Sponsor will pay the broker for any reimbursements, including miscellaneous expenses such as mailing or copy charges, which, collectively, shall not exceed \$1,000, and such reimbursements are items of value under FINRA rules. Certain employees or independent contractors of Realty Mogul, Co. are also registered representatives sponsored by RM Securities. RM Securities may engage additional broker-dealers or financial advisors that are members of FINRA, which we refer to as participating broker-dealers, to sell our common shares.

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

#### RM REITs

RM Adviser's Investment Committee periodically reviews RM REITs' accounts to support compliance with the guidelines and restrictions discussed in each RM REIT's offering documents. During such review, which typically occurs on a quarterly basis, the Investment Committee analyzes whether the RM REITs' investments are performing as anticipated, highlights any positive or negative information related to such investments, and takes any necessary action based on its analysis. In addition to formal quarterly reviews, RM Adviser periodically reviews the RM REITs' investments on a more frequent basis to consider financing and sales opportunities, or to develop additional asset management strategies for the investments. In cases where market conditions (e.g., a drop in real estate prices, generally or in a particular region) or information received by RM Adviser regarding particular investments or groups of investments suggest that the RM REITs' investments should be reconsidered, RM Adviser may engage in a review outside regularly scheduled reviews.

RM Adviser delivers audited financial statements to investors in the RM REITs on an annual basis within 120 days of the RM REITs' fiscal year-end. In addition, consistent with the requirements of Regulation A, RM Adviser provides investors periodic written updates required by the SEC on the performance of the RM REITs, including annual and semi-annual reports; current reports for specified material events within four business days of their occurrence; supplements to the RM REITs' respective offering circulars, in the event there are material changes to it, including quarterly pricing supplements and information statements; and any other reports filed or furnished to the SEC. All reports are available through the SEC's website at [www.sec.gov](http://www.sec.gov), as well as on the Realty Mogul Platform. As periodic updates become available, investors will receive email messages with instructions on how to retrieve them.

#### Single Purpose Funds/Sponsor Entities

RM Adviser's Investment Committee periodically reviews the Single Purpose Funds/Sponsor Entities' accounts to support compliance with the guidelines and restrictions discussed in each Single Purpose Fund/Sponsor Entity's offering documents. During such review, which typically occurs on a quarterly basis, the Investment Committee analyzes whether the Single Purpose Funds/Sponsor Entities' investments are performing as anticipated; highlights any positive or negative information related to such investments; and takes any necessary action based on its analysis.

RM Adviser delivers audited financial statements to investors in the Single Purpose Funds/Sponsor Entities on an annual basis within 120 days of the Single Purpose Funds/Sponsor Entities' fiscal year-end.

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

RM Adviser does not currently have in place any arrangements through which third parties provide compensation for RM Adviser's investment advice or advisory services to its clients. RM Adviser does have an affiliate marketing program whereby certain websites, platforms, and bloggers prepare and distribute content focused on a particular financial market or a target demographic or affinity group to promote RM Adviser's investments in return for payments of sponsorship, advertising, lead generation fees, and/or other payments for client referrals. RM Adviser exercises no editorial control over the content produced by affiliate marketers.

#### **Item 15: Custody**

##### RM REITs

RM Adviser has custody of the assets of the RM REITs and utilizes the services of a bank to hold all cash assets of the RM REITs. Form 1-SA and Form 1-K for both RM REITs were filed with the SEC respectively and investors of each RM REIT received access to the audited financial statements for the preceding fiscal year.

##### Single Purpose Funds/Sponsor Entities

RM Adviser may have custody of the assets of the Single Purpose Funds/Sponsor Entities and utilizes the services of a bank to hold all cash assets of the Single Purpose Funds/Sponsor Entities. RM Adviser audits each of these entities and provides audited financial statements.

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

RM Adviser provides investment advisory services to the RM REITs and Single Purpose Funds/Sponsor Entities on a discretionary basis, based on the authority provided to RM Adviser as manager under Income REIT's operating agreement, Apartment Growth REIT's management agreement, and each Single Purpose Fund's operating agreement, respectively. RM Adviser is subject to certain restrictions on its management of the RM REITs, including those related to the RM REITs' qualification as a REIT under IRS regulations and to maintaining their exclusion from the definition of investment company under the Investment Company Act, as well as the investment objectives and strategies described in the RM REITs' respective offering circulars.

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

While RM Adviser has the authority to vote securities on behalf of the RM REITs and Single Purpose Funds/Sponsor Entities, RM Adviser is rarely, if ever, involved in proxy voting because the assets of the RM REITs and Single Purpose Funds/Sponsor Entities are generally invested in privately negotiated and owned real estate and equity investments, rather than publicly traded securities or other instruments that involve proxy voting. On occasion, the RM REITs and/or Single Purpose Funds/Sponsor Entities may invest in equity investments that provide voting rights regarding certain matters. In the event RM Adviser receives proxies in connection with such investments, it is RM Adviser's policy to exercise the proxy vote in the best interest of the RM REITs and/or Single Purpose Funds/Sponsor Entities, taking into consideration all relevant factors, including, without limitation, acting in a manner that it believes will maximize economic benefits to the RM REITs and/or Single Purpose Funds/Sponsor Entities and promote sound corporate governance by the issuer. RM Adviser seeks to avoid material conflicts of interest between its own interests on the one hand, and the interests of the RM REITs and/or Single Purpose Funds/Sponsor Entities and underlying investors on the other. However, if RM Adviser determines that such conflicts exist, or may be perceived to exist, when voting a proxy, it will address such matters on a

case- by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations.

**Item 18: Financial Information**

Because RM Adviser does not require or solicit prepayment of fees six months or more in advance, RM Adviser is not required to provide a balance sheet for its most recent fiscal year.

RM Adviser does not believe that there are any current financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

RM Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.