

## **Form ADV Part 2: Firm Brochure**

### **Item 1: Cover Page**

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March 31, 2024

This Brochure provides information about the qualifications and business practices of Ascentris, LLC (“Ascentris”). If you have any questions about the contents of this Brochure, please contact us at (303) 317-6464 or at [compliance@ascentris.com](mailto:compliance@ascentris.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 Ascentris also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

**Item 2: Material Changes**

Ascentris is required to identify and discuss material changes made to this Brochure since its last annual updating amendment in March 2022.

Ascentris has no material changes to note since its last annual updated to its Form ADV Part 2A.

Ascentris encourages all recipients of this Brochure to read it carefully in its entirety.

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## **Item 4: Advisory Business**

### ***Ownership***

Ascentris, LLC, a Delaware limited liability company, was organized in 2010. Ascentris is primarily owned and controlled by Gabe L. Finke, CEO of Ascentris.

### ***Nature of Investments; Types of Advisory Services***

Ascentris' real estate-related investment advisory services primarily include the acquisition, management, development, improvement, leasing and disposition of office, multifamily, retail and industrial properties in select markets throughout the United States. Ascentris provides real estate-related investment advisory services to institutional investors that invest in real estate, typically through a private fund organized as a limited liability company or limited partnership (the "Client"). Ascentris typically serves as asset manager of the Client.

On behalf of Clients, Ascentris offers to:

- Originate and recommend real estate opportunities;
- Structure and negotiate real estate investment acquisitions;
- Identify and arrange sources of capital and other financing for real estate investments;
- Monitor and evaluate real estate investments, including development projects;
- Recommend the manner and timing of dispositions of real estate investments;
- Structure and negotiate real estate investment dispositions;
- Supervise the preparation and review of all documents required in connection with the acquisition, disposition or financing of real estate investments; and
- Provide other real estate-related services.

Ascentris provides investment advice on the strategy and restrictions (if any) set forth in the applicable Client's offering memorandum, governing documents and subscription agreements, as the case may be. Investment advice is provided directly to the Client by Ascentris, typically through a subsidiary created by Ascentris to serve as General Partner or Manager of the Client, and not individually to the limited partners or members. Ascentris may add to or change investment strategies over time at its sole discretion, within the parameters of the applicable Client's governing documents. For example, Ascentris may agree to impose restrictions on certain types of real estate assets held by a Client or the amount of debt that a Client could incur to develop a real estate project.

### ***Assets Under Management***

As of December 31, 2023, Ascentris managed Ascentris Clients with \$3,087,523,564 in gross assets on a discretionary basis. Ascentris does not manage any client assets on a non-discretionary basis.

## Item 5: Fees and Compensation

### *Fees*

As compensation for its real estate investment advisory services, Ascentris or an affiliated entity receive one or more of the following fees from Clients pursuant to the applicable management agreement or offering and organizational documents.

- (i) Asset management fees equal to a percentage of committed capital, “net assets” or invested capital;
- (ii) Performance-based allocations (as carried interest) subject to the Client achieving a target return; and/or
- (iii) Reimbursement of expenses incurred on behalf of a Client.

Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Client may vary. Fees charged to each Client will vary based upon the complexity of services required, the type and amount of assets under management, and the extent of reporting or other administrative services required. Clients’ equity interests typically are held by institutional investors that are “qualified purchasers” as that term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended. The timing of fee payments, minimum investment amount and termination rights are set forth in the Clients’ written management agreement, or governing documents for the Client.

Asset management fees are generally paid quarterly in advance by Clients, and are calculated based on either committed capital, “net assets” or invested capital. Performance-based allocations, discussed below in Item 6, are generally made as investments are realized and/or capital is distributed.

### *Deduction of Fees from Client Accounts*

Ascentris is also typically authorized by Clients’ governing documents to deduct fees directly from the Client’s custodial account.

### *Other Fees and Expenses*

Clients typically bear the costs associated with acquiring, developing and managing real estate investments (including costs related to the establishment and administration of acquisition vehicles) and are required to reimburse Ascentris for such costs. Such expenses may include, but are not limited to, legal, tax, research, accounting, valuation and audit expenses, insurance, and costs related to purchasing, operating and selling portfolio investments (*e.g.*, due diligence, negotiating deals, travel expenses, idea sourcing). Ascentris pays its own employees’ salaries, overhead and operating expenses. The list of expenses is not exhaustive. Each Client’s offering materials and organization documents or management agreement, as applicable, include a detailed description of fees and expenses to be borne by the Client.

To the extent any Client’s operating expenses are paid or incurred by Ascentris on behalf of a Client, such expenses shall be reimbursed by the Client. Ascentris and Clients that do not pay certain operating expenses that other Clients pay may benefit from services paid for by other Clients or Ascentris, as applicable. Ascentris determines, in its sole discretion, whether an expense is to be categorized as an expense of one Client or another or an expense of Ascentris and makes these determinations in accordance with provisions in Client governing documents. This analytical process is inherently subjective and Ascentris may be

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viewed as biased in making such determinations. The allocation of expenses presents an inherent conflict of interest, as different allocations would result in Clients and Ascentris bearing more (or less) expenses.

Ascentris Clients also could incur expenses related to real estate regulatory and environmental issues, as well as the costs of other service providers and intermediaries, such as investment banks, that may be involved in purchasing and selling portfolio investments. Ascentris' fees are exclusive of these costs, as well as other transaction fees, custodial fees and other related costs and expenses, all of which are incurred by the applicable Ascentris Client (either directly or indirectly if the expenses are paid by a portfolio company of the Client). The investment strategies Ascentris employs for Clients generally do not involve the purchase or sale of publicly traded securities, and as such, do not typically incur securities brokerage commissions. See Item 12 for additional information regarding the factors considered in selecting service providers for transactions, and in determining the reasonableness of their compensation.

### ***Fees Paid in Advance***

Clients typically pay asset management fees to Ascentris quarterly in advance. If the last management period with respect to a Client ends prior to the last day of a quarter, then a pro rata portion of the prepaid management fee will be refunded to such client based on the number of days elapsed in such period and the number of days remaining in such period.

### ***Compensation for the Sale of Securities***

Neither Ascentris nor any of its supervised persons accept compensation for the sale of securities or other investment products to any Client.

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

As noted in Item 5 above, Ascentris or an affiliated entity typically receives carried interest or performance-based allocations from Clients. These performance-based allocations are designed to ensure an alignment of interest between Ascentris and the Client, and are generally paid upon asset disposition after meeting a defined target rate of return. All performance-based allocations are calculated and governed in accordance with each Client's governing documents.

The receipt of performance-based allocations may motivate Ascentris or an affiliated entity to (i) make more speculative investments on behalf of a Client than it would otherwise make, (ii) favor performance-based fee clients over nonperformance-based fee clients or (iii) favor clients that pay larger performance-based fees. In addition, to the extent that Ascentris' related persons co-invest with certain Clients, Ascentris may have an incentive to favor these Ascentris Clients.

### ***INVESTMENT SOURCING AND ALLOCATION***

While each Client adopts its own investment strategy and restrictions, Ascentris often sources real estate investment opportunities that fit within the investment strategy of multiple Clients. In the event such a situation occurs, Ascentris has adopted a written policy to address potential conflicts of interest and to rotate investment opportunities among Clients on a basis that Ascentris believes is fair and equitable.

Ascentris maintains a log of current Clients that includes, for each Client, a summary of existing real estate investments, the amount of remaining capital available for investment and the remaining length of the investment period, as well as the investment objectives, strategies and parameters, *i.e.*, property type,

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geography, investment characteristics and style, diversification requirements, return targets, risk tolerance and leverage limitations.

New real estate investment opportunities typically are initially reviewed and discussed by Ascentris' Investment Committee. Investment opportunities that are approved by the Committee typically are rotated among Clients or pre-allocated among Clients based on written procedures that Ascentris believes are reasonably designed to fairly and equitably allocate such opportunities, as determined by Ascentris in good faith. Ascentris may, in its discretion, amend or make modifications to its investment sourcing and allocation policy from time-to-time. Ascentris will provide a copy of its written policy and material amendments thereto upon written request of any investor in a Client.

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

As stated above, Ascentris provides real estate-related investment advisory services to Clients organized as a limited liability company or limited partnership. The Clients' investors typically are comprised of institutional investors, state and local government or pension plans, and other highly sophisticated investors.

The minimum capital commitment by an investor to a Client (i.e. one of Ascentris' funds) typically is \$250,000 – \$1,000,000, depending on the Client. However, Ascentris has the right to accept smaller minimum investments as set forth in the Client's governing documents.

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

#### ***Methods of Analysis and Investment Strategies***

Ascentris implements its investment strategies based solely on the investment goals and objectives of each individual Client. Ascentris' investment philosophy is to focus on real estate fundamentals with the goal of producing attractive risk-adjusted returns for its Clients. Ascentris typically targets markets with high barriers-to-entry in which it is more difficult or expensive for competitive supply to be developed. Emphasis is placed on markets that have broad, diverse economies with strong long-term growth prospects. Ascentris also provides advice to a Client that invests in an opportunity zone. At this time some aspects of how the Opportunity Zone Incentive is intended to work are not known. No assurance can be given that the Opportunity Zone Fund ("OZ Fund") will be able to comply with the requirements of the law or that legislative, judicial or administrative rules will not be forthcoming that are contrary to the best interpretation currently available.

Ascentris intends that the OZ Fund it advises will invest in a "qualified opportunity zone business" ("QOZB") under the rules of the Opportunity Zone Incentive and intend to cause the OZ Fund to maintain such qualification for substantially all of the period during which certain classes of interests are owned by the OZ Fund. If the OZ Fund does not qualify as a QOZB or loses such qualification during the period in which the OZ Fund owns a certain class of interests, all or substantially all of the tax benefits of the Opportunity Zone Incentive may be lost, and the OZ Fund may be subject to substantial penalties. Some aspects of compliance with rules of the Opportunity Zone Incentive are not clear or not known, and additional legislature or regulatory action could change the rules known to date. In addition, realizing the tax benefits of the Opportunity Zone Incentive requires that the investors satisfy certain requirements with respect to their investment and these matters are outside of the control of the OZ Fund.

Due to the requirement to comply with the Opportunity Zone Incentive, Ascentris may have to make

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investment decisions that may not maximize investment value or returns in a manner that would otherwise be possible if the OZ Fund did not have to comply with the Opportunity Zone Incentive.

Ascentris endeavors to utilize one project team for all phases of a single real estate project life cycle. The professionals that underwrite a particular investment opportunity are typically the same professionals that manage the asset during its hold period and execute the exit strategy. This is intended to ensure a seamless transition between acquisitions and operations and create a unique on-going accountability for the professionals responsible for each particular investment. Each asset management team develops, refines and executes specific asset strategies in order to manage risk, maximize performance, and enhance long-term values. Ascentris views all of its investments with a long-term perspective and looks for opportunities where it can add value to assets through re-leasing, repositioning, or restructuring the capitalization, development, or redevelopment of the assets. Ascentris professionals may manage multiple projects on behalf of multiple Clients simultaneously and may operate in various combinations across projects.

The investment decision-making process consists of several steps. Ascentris evaluates potential real estate investment opportunities and monitors existing investments of each Client. Ascentris' real estate teams hold monthly meetings to review investments. When a team believes that an investment opportunity is identified that meets the investment criteria of a Client, memoranda will be prepared and submitted to Ascentris' Investment Committee providing preliminary information on the opportunity which will include property details, investment climate, deal structure, price (or price range) and potential return. If the Investment Committee approves the investment opportunity, it authorizes the execution of a non-binding term sheet to progress the opportunity. Ascentris then performs due diligence on the potential investment. If the results of the due diligence process are satisfactory, a revised memorandum will be prepared and submitted to the Investment Committee for final approval. The Investment Committee will then either (i) approve the acquisition without conditions, (ii) approve the transaction with conditions, or (iii) reject the acquisition.

### ***Risks***

Risks are inherent in real estate investments and cannot be avoided. Such risks include, but are not limited to, real estate regulatory risk and risk of declining economic markets or business conditions. In view of the risks associated with an investment in real estate, only investors able to bear the economic risk of their investment for an indefinite period and able to afford loss of their investment should consider investing.

The primary risks related to investment in real estate generally and the significant investment strategies employed by Ascentris are described below. Not all possible risks are described below. The specific risks applicable to each Client will differ based on the Client's investment strategy and the type of assets held in the Client's portfolio.

### ***No Assurance of Investment Return; Possible Loss of Entire Investment***

Ascentris cannot assure that it will be able to choose, make and realize investments in any particular property or portfolio of properties. Returns are not guaranteed and there can be no assurance that the returns will be commensurate with the risks of investing in the types of properties that Ascentris targets. Accordingly, only investors that can afford a loss of their entire investment should consider investing. The past performance of Ascentris and its affiliates is not indicative of future performance.

***Highly Competitive Market for Real Estate Investment Opportunities Generally***

The activity of identifying, completing and realizing attractive real estate investments is highly competitive and involves a significant degree of uncertainty. Ascentris Clients will be competing for investments with many other investment vehicles, as well as individuals, financial institutions, investment managers, industrial groups, merchant banks and other institutional investors. Additional funds and vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur (resulting in larger funds and vehicles). There can be no assurance that Ascentris will be able to locate, complete and exit investments that satisfy a Client's objectives or realize the value of such investments.

***Difficulty of Identifying Attractive Real Estate Investments***

The availability of real estate investment opportunities generally will be subject to the prevailing market conditions and the regulatory or political climate in the region. In addition, the business of identifying and structuring real estate investments of the types contemplated by Ascentris for Clients is highly competitive and involves a high degree of uncertainty. Accordingly, there can be no assurance that it will be able to identify and complete attractive real estate investments in the future, or that it will be able to fully invest a Client's committed capital.

***Limited Liquidity of Real Estate Investments***

Clients invest primarily in real property. As a result, there generally will be limited or no marketability of the investments and such investments may decline in value while Ascentris seeks to dispose of them. Furthermore, Ascentris may find it necessary to sell real estate investments at a discount or to sell over extended periods of time when disposing of portfolio investments. Therefore, it is expected that the investments generally will not be sold for a number of years and will remain relatively illiquid and difficult to value. The marketability and value of any such real estate investments will depend upon many factors beyond Ascentris' control. It is anticipated that there will be a significant period of time before a Client will have completed its investments in real properties. Such investments are expected to take from three to six years, or longer, from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Therefore, Ascentris anticipates a long time period between the initial capitalization of a Client and return on investment, if any.

***Limited Liquidity of Client's Equity Interests***

The equity interests of a Client are not readily marketable and involve a high degree of risk. Prospective investors in a Client are advised to read and consider carefully the information contained in the Client's offering memorandum, governing documents and subscription agreement, including the risks and conflicts of interest involved in such an investment, as well as the restrictions on transfer. Only investors who are able to bear the economic risk of their investment over the long-term and who are able to afford a loss of their investment should consider purchasing equity interests in a Client.

***Investments Longer than Term***

Ascentris may invest Client assets in real estate investments that may not be advantageously disposed at the time the Client is expected to terminate or be dissolved. Although Ascentris expects that investments will either be disposed of prior to termination or dissolution or be suitable for in kind distribution, Ascentris

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may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of termination or dissolution.

### ***Real Estate Risks Generally***

Real estate investments are subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, those associated with the burdens of ownership of real property, general and local economic climate, changes in supply of and demand for competing properties in an area (as a result of overbuilding, for instance), the financial resources of tenants, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property tax rates, changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks and war, virus pandemics, and other factors that are beyond Ascentris' control. There can be no assurance that there will be a ready market for resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale.

### ***Environmental Liabilities***

Clients' assets may be exposed to substantial risk of loss from environmental claims arising with respect to real estate investments made with undisclosed or unknown environmental problems or as to which inadequate reserves have been established. Under the laws, ordinances and regulations of various jurisdictions, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and owner's liability as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on return from such investment. Environmental claims with respect to a specific real estate investment may exceed the value of such investment, and under certain circumstances, may subject other assets of a Client to such liabilities.

### ***Natural Disasters***

Certain real estate investments may be located in earthquake zones or be subject to risks associated with other natural disasters, such as fire, hurricanes, tornadoes, windstorms, volcanic eruptions, tsunamis or floods. Insurance coverage of such risks may be limited, may be subject to large deductibles or may be, or in the future become, completely unavailable. Ascentris or its affiliates will determine in their sole discretion whether to seek insurance coverage of (or seek alternative ways to manage or mitigate) such risks.

### ***Investments in Undeveloped Land/New Development***

Clients may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing. To the extent that a Client invests in such properties, it will be subject to the risks normally associated with such properties and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory

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approvals, the cost and timely completion of construction (including risks beyond Ascentris' control, such as weather or labor conditions or material shortages), the availability of both construction and permanent financing on favorable terms or at all, and the availability to identify and participate in development projects with, or obtain or renew land lease rights from, government authorities or private individuals. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a Client account. Properties under development or properties acquired to be developed may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development which makes such development less attractive than at the time it was commenced.

***Zoning Restrictions and Local Opposition***

In order to develop a property on a particular site, the zoning of such site must permit the development of residential, office, industrial and/or retail activities of the type intended for development by Ascentris. In instances where the existing zoning is not suitable or in which the zoning has yet to be determined, Ascentris' development partners or their affiliates will be required to apply for the required zoning classifications. This procedure may be protracted, particularly where the bureaucracy is cumbersome and inefficient, and there can be no assurance that the process of obtaining proper zoning will be completed with sufficient speed to enable the office, retail, industrial and/or residential developments to be completed ahead of any competitor development, or at all. Opposition by local residents to zoning and/or building permit applications may also cause considerable delays. In addition, arbitrary changes to applicable zoning by the relevant authorities may jeopardize projects that have already commenced. Therefore, if Ascentris or its affiliates do not receive zoning approvals or if the procedures for the receipt of such zoning approvals are delayed, costs will increase, which could have a material adverse effect on the business, financial condition and results of operations of real estate investments.

***Unlawful or Arbitrary Action by Regulatory Authorities***

There is a risk that regulatory authorities may exercise a high degree of discretion and at times exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law. Unlawful or arbitrary actions could include attempted bribery, unscheduled inspections by regulators, suspension or withdrawal of licenses and permissions, unexpected tax audits, criminal prosecutions and civil actions. Unlawful or arbitrary regulatory action directed at Ascentris, its local partners or client accounts could have a material adverse effect on the business, financial condition, or results of operations of the accounts.

***Construction Delays and Cost Overruns***

Construction delays and cost overruns may increase project development costs for investment projects. In addition, delays in the completion of a project may result in a delay in the commencement of cash flow, which would increase capital needs. Projects may also incur construction and other development costs that exceed original estimates due to increases over time in interest rates, material costs, labor costs or other costs. These delays and increased costs could make completion of a project uneconomical because market prices may not increase sufficiently to compensate for the increase in construction and other development costs. Consequently, Clients may not be able to dispose of any investment profitably. It may also be impossible to complete construction of a project on schedule or within budget due to a variety of other factors, including shortages of materials, equipment, technical skills and labor; adverse weather conditions;

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natural disasters; labor disputes; unforeseen engineering, environmental or geological problems; disputes with contractors and sub-contractors; delays in obtaining licenses, permits and approvals from the relevant authorities; and other problems and circumstances that may result in increased construction and development costs. Any of these factors may adversely affect the financial results of client investments.

### ***Risk of Limited Number of Investments; Lack of Diversity***

Although Ascentris offers to advise on a variety of real estate investments, Clients may ultimately participate in a limited number of investments due either to market conditions or to their own investment objectives and restrictions. As a consequence, their aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment. The value of an investment may be materially affected by a single adverse political or economic event in a foreign country.

### ***Financial Market Fluctuations***

General fluctuations in the market prices of securities may affect the value of real estate investments. Instability in the securities markets may also increase the risks inherent in the investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, which can be volatile.

### ***Market Conditions***

Ascentris' strategy in some investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase at prices that Ascentris considers favorable. Further, Ascentris' strategy for an investment may rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics), or, in some circumstances, a local market recovery or improvement in market conditions over the projected holding period for the investments. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable, or, as applicable, recover or improve, since this will depend, in part, upon events and factors outside of Ascentris' control.

### ***Reliance on Local Operating Partners***

Ascentris may rely on the expertise of local operating partners who help identify, evaluate, underwrite, operate, manage and dispose of investments. The selection of an operating partner is inherently based on subjective criteria with the result that the true performance and abilities of a particular operating partner will be difficult to assess. This reliance on third parties to manage or operate investments poses significant risks. For example, an operating partner may suffer a business failure or become bankrupt or may engage in activities that compete with investments of Clients. These and other problems, including the deterioration of the business relationship between Ascentris and the operating partner, could have a material adverse effect on the assets managed by such operating partner.

### ***Use of Leverage***

While investments in leveraged properties offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Clients' investments involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the investment's profitability or ability to meet debt service obligations. Moreover, any rise in interest rates may significantly increase portfolio company interest expense, causing losses

and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, clients may suffer a partial or total loss of capital invested in the project.

### ***Hedging Policies/Risks***

In connection with the financing of certain investments, Ascentris may employ hedging techniques designed to reduce the risks of adverse movements in interest rates and securities prices. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates or securities prices may result in a poorer overall performance for Clients than if it had not entered into such hedging transactions.

### ***Possibility of Future Business Interruption***

In the current environment, there is a risk that one or more of Ascentris' investments will be directly or indirectly affected by terrorist attack, global pandemic or natural disaster. Such an event could have a variety of adverse effects on the business and performance results of one or more of the investments or subsequently acquired investments, including risks and costs related to the destruction of property, inability to use one or more properties for their intended uses for an extended period, decline in rents achievable or property value and injury or loss of life, as well as litigation related thereto. Such risks may not be insurable or subject to increased insurance premiums and deductibles that Ascentris deems uneconomic. It is not possible to predict the severity of the effect that any such future events would have on the global financial and insurance markets, or Client investments. In addition to the potential direct impact of any such attack, pandemic or disaster, the anticipation of any such event could have an adverse impact on the global financial and insurance markets and economy, thus harming demand for and the value of Client investments.

### ***Insurance May Not Cover All Losses***

Uninsured and underinsured losses could harm the value of Client assets. Various types of losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable (or not economically insurable) or may be subject to insurance coverage limitations, such as large deductibles or co-payments or insurance only being available in amounts less than the full market value or replacement cost. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance. As a result, there can be no assurance that all investments will be insured against terrorism, or that particular risks which are currently insurable will continue to be insurable on an economic basis. Should an uninsured loss or a loss in excess of insured limits occur, clients could lose all or a portion of the capital they have invested in an investment, as well as the anticipated future revenue from the investment. In that event, Clients might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to the Client's obligations to the ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans, and other factors might also keep the clients from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds clients receive might be inadequate to restore their economic position on the damaged or destroyed investment.

### ***Bridge Financings***

From time to time, Clients may make bridge loans to its portfolio companies on a short-term, unsecured basis. Such bridge loans would typically be refinanced with a more permanent, long-term security; however, for reasons not always in Ascentris' control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Client.

### ***Conflicts of Interest***

Ascentris and its affiliates will be subject to various conflicts of interest in carrying out their responsibilities to Clients. Investors in a Client should carefully review and evaluate the certain actual and potential conflicts of interest disclosed in the Client's offering memorandum and governing documents before making an investment in the Client. Pursuant to Subscription Agreements and other governing documents entered into by investors in connection with acquiring an interest in the Client, each investor will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claim with respect to the existence of any such conflict of interest. A Client may appoint an advisory committee of investor representatives, and Ascentris may in certain situations choose to consult with, or receive the approval of, such Committee with respect to specific conflicts of interest. Certain other potential conflicts of interest include, but are not limited, to:

#### ***➤ Principal and Agency Cross Transactions***

From time to time, a Client may buy or sell equity interests in a real estate vehicle or direct interests in real estate from another Client. In such transactions, Ascentris will have a conflict of interest in recommending both the purchase and sale of such assets and it could be receiving different levels of asset management fees from the Clients involved in the transaction. Ascentris will provide disclosures of material conflicts of interest to Clients in advance, and no brokerage fees or commissions will be charged on such transactions. In determining a fair value for such a transaction, Ascentris intends to obtain a broker opinion of value on the value of any property transferred, and to consider other factors it deems material.

#### ***➤ Investments with Affiliates***

Ascentris (or an affiliate) may from time to time engage in certain transactions with Clients, such as purchasing real estate investments from such Client, co-investing with such Clients, and investing in entities in which Clients hold interests. Such investment transactions will generally be made on terms (including the consideration to be paid) that are determined by Ascentris to be fair and reasonable to the Client. In compliance with Ascentris' Code of Ethics described below, Ascentris' employees are permitted to invest in real estate investments, including co-investments with Clients. Ascentris' supervised persons may co-invest alongside Clients in real estate investments on the same terms and conditions as the Client, except that asset management fees and carried interest may be waived for such employees. In addition, Ascentris' employees personally may own equity interests in entities that receive asset management fees and/or carried interest distributions paid by Clients.

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### ***Bankruptcy***

Certain investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code. Investments in entities which later file for relief as debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to litigation, which could further impair the value of the investment. For example, under certain circumstances, lenders which have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Client (which could include distributions to the Client) may be reclaimed in the course of bankruptcy proceedings if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment (or the equivalent under the laws of certain jurisdictions). Bankruptcy laws may delay the ability of clients to realize on collateral for loan positions or may adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws may also result in a restructure of debt without the Client's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to the Client.

### ***Banking Risks***

Rising interest rates, various bank failures and volatile markets contribute to potential instability in the banking sector, raising a variety of risks for investors. Ascentris, Clients, and their affiliates maintain all of their respective cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and their respective deposits at certain of these institutions may exceed the insured limits, where applicable. The above may impact the viability of banking and financial services institutions. In the event of failure of any of the financial institutions where Ascentris, Clients, or any of their affiliates maintains its respective cash and cash equivalents, there can be no assurance that each would be able to access uninsured funds in a timely manner or at all. Any inability to access, or delay in accessing, these funds could adversely affect the business and financial position of Ascentris, Clients, or their affiliates. Such events may significantly increase Ascentris' and/or Clients' costs, negatively impact Clients' ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert Ascentris' time, attention and resources away from the pursuit of Clients' investment strategy. Furthermore, such events may also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and tenants that rely on such bank relationships. Depending on ongoing developments, regulatory guidance and timing, such events may significantly exacerbate the normal risks associated with a Client and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. In addition, such events may lead to financial system and participant regulatory reform, and such increased regulatory oversight may impose additional administrative burden and costs on Ascentris and Clients. The foregoing could materially adversely impact the operations of Ascentris, Clients, and their affiliates and their financing and overall cash flow, acquisition, development and leverage strategies and investment returns. It is currently unclear what the ultimate effect of the situation will be on the banking sector, private equity industry, real estate industry, and global financial markets as a whole.

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### ***Valuation of Holdings***

Ascentris (or an affiliate thereof), in its role as general partner and/or asset manager of a Client, is responsible for determining a fair value of a Client's real estate assets. Ascentris has adopted a Valuation Policy that sets forth how it will determine a fair value for a Client's real estate property, typically based upon Ascentris' analysis of a reasonable sale price for the property, net of closing costs, brokerage fees and concessions, in a normal market environment. Ascentris has formed a Valuation Committee comprised of its executives who meet quarterly to review fair values of real estate properties held by Clients. The Valuation Committee may rely upon outside publications and industry data, such as PwC's Real Estate Investor Survey, and Ascentris' forecasts of a property's cash flow projections (typically over a 10-year period), capitalization rates, discount rates, and historical sales of comparable properties, among other factors. The Valuation Committee also may rely upon a broker's opinion of value or appraisal prepared by an independent third-party broker or valuation agent. Ascentris seeks to use valuation techniques that it believes are reasonable and appropriate under the circumstances, however, there can be no assurance regarding the accuracy of Ascentris' fair valuations or its valuation methodology.

### ***Force Majeure***

Ascentris and its Clients may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemics or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, and social instability). Investment advisory activities and Ascentris operations could be adversely affected by such events outside of Ascentris' control. Ascentris, its Clients and their service providers and counterparties may incur expenses, delays, or interruption of critical business functions relating to such events outside of their control, which could have adverse impacts. Such adverse impacts could, in turn, adversely affect Client performance.

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

As of the date of this Brochure, Ascentris has no legal or disciplinary events required to be disclosed.

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

Ascentris and its related persons organize multiple entities from time to time for the purpose of serving as general partner, manager, limited partner, or special limited partner of Clients.

Ascentris has no other financial industry activities and has no affiliates engaged in financial industry activities.

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

### ***Code of Ethics***

Ascentris has adopted a Code of Ethics that sets forth ethical standards of business conduct that Ascentris requires of its personnel, including compliance with applicable federal securities laws. A copy of the Code of Ethics is available to clients or prospective clients upon request.

The policies and procedures set forth in the Code of Ethics recognize that Ascentris and its personnel have a fiduciary duty to place the interests of clients ahead of their own, and an obligation to address and mitigate conflicts of interest and the appearance of any conflicts of interest. The Code of Ethics sets out standards of business and personal conduct for each such person and addresses conflicts that arise from personal trading by Ascentris personnel and provides for disciplinary sanctions for Code of Ethics violations. All Ascentris personnel must acknowledge the terms of the Code of Ethics initially upon hire and annually thereafter. The Code of Ethics provides for the imposition of sanctions for violations.

Ascentris personnel are required to notify Ascentris' Chief Compliance Officer ("CCO") if they are aware of any violations of the Code of Ethics. The Code of Ethics requires, amongst other things, that Ascentris personnel:

- keep investment-related information learned by Ascentris personnel during the course of carrying out firm-related duties or in communications between such persons confidential until or unless publicly available;
- not take or omit to take an action on behalf of a client or intentionally induce a client to take action for the purpose of achieving a personal benefit;
- not use actual knowledge of a Client's transaction to profit by the market effect of the transaction;
- abide by the restrictions on personal trading; and
- not take unique investment opportunities which should be made for the benefit of Clients; provided that that Ascentris' supervised persons may co-invest alongside Clients in real estate investments on the same terms and conditions with asset management fees and carried interest waived for such personnel.

### ***Personal Trading***

Subject to the Code of Ethics, as described above, Ascentris and its partners, principals, employees, and other related persons may engage in investment activities for their own accounts or for family members and friends. These activities may involve the purchase and sale of investments that are the same type as those purchased or sold for Clients. These activities may also involve the purchase and sale of investments that are different from those purchased for Clients. Provided that they comply with the Code of Ethics, Ascentris employees are permitted to invest in securities and other investments, including co-investments with Clients. In addition, Ascentris employees personally may own equity interests in entities that receive asset management fees and/or carried interest distributions paid by Clients.

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The Code of Ethics places restrictions on personal trading and investing activities by certain senior personnel and other personnel who have access to non-public information regarding a Client's purchase or sale of securities or have access to non-public information regarding the investments of any Ascentris Client. Such persons are generally (i) restricted from purchasing initial public offerings without the prior written approval of the CCO, (ii) restricted from purchasing and selling any security to a Client without the prior written approval of the CCO, and (iii) restricted from purchasing and selling any security in a private placement or other private securities transaction without the prior written approval of the CCO. Such persons are also prohibited from trading in securities of any company while in possession of material, non-public information. Ascentris employees under the Code of Ethics are required to disclose to the CCO annually any account in which they have direct or indirect ownership, including accounts over which they have beneficial ownership, investment discretion or voting authority. Such persons must also disclose to the CCO on a periodic basis their reportable securities holdings and transactions in accounts in which they have direct or indirect beneficial ownership and over which they have investment discretion or voting authority.

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

Based on the nature of the real estate investment strategies Ascentris employs, Ascentris generally does not use securities broker-dealers; rather, most real estate investments it makes on behalf of Clients are privately negotiated transactions.

In the event that Ascentris were to purchase or sell publicly traded securities on behalf of Clients, it would evaluate brokerage firms based on their costs, responsiveness and execution capabilities.

#### ***Research and Other Soft Dollar Benefits***

Ascentris does not direct brokerage commissions of Clients to broker-dealers that provide brokerage or research services to Ascentris, so-called "soft dollar" arrangements.

#### ***Brokerage for Client Referrals***

Ascentris does not generally participate in capital introduction and similar events sponsored by broker-dealers and real estate brokers and service providers. Ascentris would not consider, in selecting broker-dealers, whether it had received referrals from such broker-dealer.

#### ***Directed Brokerage***

Ascentris does not recommend, request, require or permit Clients to direct brokerage.

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

#### ***Nature & Frequency of Review***

Ascentris assigns a portfolio manager and team to each Client. The team members regularly monitor the Client's portfolio under the supervision of the portfolio manager and Ascentris' Investment Committee to ensure that the Client's investment objectives are satisfied. The Ascentris team generally evaluates real estate investments on an ongoing basis, which may include, without limitation, on-site property visits,

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frequent discussions between Ascentris team members and third-party service providers and written reports from due diligence firms, law firms, environmental consultants and other third-party service providers.

Ascentris' portfolio management teams hold formal periodic meetings to review real estate investments. The Investment Committee meets on an as-needed basis, generally monthly, to review new real estate investment opportunities. The Investment Committee includes Ascentris' Chief Executive Officer, President, Managing Directors, and Senior Vice Presidents. The Chief Compliance Officer and Chief Financial Officer also participate in meetings of the Investment Committee as non-voting members.

### ***Reports***

Clients typically engage independent, nationally recognized public accounting firms registered with the PCAOB to audit the Client's financial statements. Clients receive annual audited financial statements, or copies of account statements will be provided directly to the Client's investors by the Client's qualified custodian. In addition, Ascentris submits regular written reports, typically quarterly, to Clients and their investors regarding the status and performance of the Client's real estate investments. Reports may be more frequent and content may vary based on the terms of each Client's agreement with Ascentris.

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

### ***Referrals***

Ascentris generally does not participate in capital introduction and similar events sponsored by broker-dealers, real estate brokers and other third parties. Ascentris would not consider these capital introduction events as a factor when determining whether to engage any broker or service provider on behalf of Clients.

### ***Other Compensation***

Ascentris (or an affiliate thereof), in its role as general partner or asset manager of a Client, is entitled to management fees and carried interest distributions from, and reimbursement of certain expenses by, the Client as set forth in the Client's governing documents.

## **Item 15: Custody**

Rule 206(4)-2 (the "Custody Rule") under the Advisers Act defines custody as holding fund securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from an advisory Client's accounts or ownership of or access to Client money or securities (such as through fee deductions). Ascentris is deemed to have custody of certain Client's funds or securities under the Custody Rule because the general partner or asset manager of the Client (an affiliate of Ascentris) typically has such withdrawal and disbursement authority under the Client's governing documents. With the exception of certain assets, which are defined as "privately offered securities" under the Custody Rule, all Clients' assets are held in custody by unaffiliated banks acting in the capacity as "qualified custodians."

Clients' financial statements are audited annually by a public accounting firm registered with the PCAOB and the audited financial statements are distributed to each investor in each Client. The audited financial statements are prepared in accordance with generally accepted accounting principles.

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

Ascentris typically provides fully discretionary asset management services to Client, through affiliates which serve as general partner or manager of Clients with authority to acquire, hold, and dispose of real estate investments on behalf of the Client, in accordance with the investment guidelines, limitations, other provisions and terms set forth in the Clients' governing documents.

Ascentris and a Client typically enter into an agreement whereby Ascentris provides services on a discretionary basis.

Ascentris provides advisory services to each Ascentris Client in accordance with the investment objectives, strategies and guidelines set forth in the Client's governing documents, which may contain certain restrictions on the types of investments made for the client, such as limits on (i) amounts that may be invested in a single investment, (ii) amounts that may be invested in investments relating to a single market and (iii) the geographical location of investments.

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

Clients generally acquire and hold real property and do not hold securities that issue proxies. To the extent that a Client were to receive a proxy, Ascentris (or an affiliate) would be deemed to have discretionary proxy voting responsibility as general partner or manager of the Client. Investors may obtain a copy of Ascentris' proxy voting procedures by contacting us at (303) 317-6464 or at [compliance@ascentris.com](mailto:compliance@ascentris.com).

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

As of the date of this Brochure, no financial conditions exist of which Ascentris is aware that would be reasonably likely to impair its ability to meet its contractual commitments to Clients.