

## Form ADV Part 2A: Firm Brochure

March 28, 2024

Thorofare, LLC  
100 North Pacific Coast Highway  
Suite 2050  
El Segundo, CA 90245  
617-880-7494  
CRD#171293

This brochure provides information about the qualifications and business practices of Thorofare, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 880-7494. 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 Thorofare is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Thorofare is an SEC registered investment adviser. Registration does not imply any level of skill or training.

This document is not an advertisement for the advisory services of Thorofare, nor an offer to sell or the solicitation of an offer to purchase interests in any fund managed by Thorofare.

**Item 2. Material Changes**

Thorofare has updated this Form ADV Part 2A (the “Brochure”) as part of the annual amendment process. This Brochure replaces the last version dated March 31, 2023. The information in this updated Brochure does not contain any material changes, but includes routine annual updating changes, clarifying and/or enhanced disclosures and updated regulatory assets under management. We recommend that you read this Form ADV Part 2A in its entirety.

### **Item 3. Table of Contents**

Item 2. Material Changes.....	2
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 .....	7
Item 7. Types of Clients .....	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9. Disciplinary Information .....	13
Item 10. Other Financial Industry Activities and Affiliations .....	13
Item 11. Code of Ethics .....	14
Item 12. Brokerage Practices .....	15
Item 13. Review of Accounts .....	16
Item 14. Client Referrals and Other Compensation .....	16
Item 15. Custody .....	16
Item 16. Investment Discretion .....	17
Item 17. Voting Client Securities.....	17
Item 18. Financial Information.....	17

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

Thorofare, LLC (“Thorofare”) was formed in June 2010 and is wholly owned by Thorofare Holdings, LLC, which in turn is wholly owned by Callodine Thorofare, LLC. Indirectly, the principal owners of Callodine Thorofare, LLC are James Morrow, Kevin Miller, Brendan Miller and other employees of Thorofare who hold minority interests.

Thorofare currently acts as discretionary investment adviser to real estate limited partnerships; Thorofare Asset Based Lending Fund IV L.P. (“Fund IV”) and Thorofare Asset Based Lending Fund V L.P. (“Fund V”) (collectively the “Fund(s)” or “Thorofare Funds”). The Thorofare Funds are the only clients of the firm. The general partners of the Thorofare Funds are Thorofare Lending Fund IV Management, LLC and Thorofare Lending Fund V Management, LLC (“General Partner(s)” respectively), each a Delaware limited liability company and entities which are wholly owned by Thorofare.

Thorofare Asset Based Lending Fund IV L.P. and Thorofare Asset Based Lending Fund V L.P. make substantially all their investments through affiliated private REITs; namely Thorofare Asset Based Lending REIT Fund IV, LLC, and Thorofare Asset Based Lending REIT Fund V, LLC. Thorofare does this to maximize tax efficiency for their tax-deferred limited partners for whom Unrelated Business Taxable Income (“UBTI”) and Effectively Connected Income (“ECI”) are a concern. The REIT entities are managed by their respective Boards of Directors who are elected pursuant to their operating agreement, which may be amended from time to time.

Thorofare specializes in managing portfolios of real estate loans and the Thorofare Funds are designed and formed to provide investors with a real estate lending investment vehicle. Thorofare’s investment advice is limited to discretionary investment advisory services with respect to such types of investments. Thorofare’s investment advice is tailored to the investment objectives, investment strategy and restrictions (if any) set forth in each respective Fund’s limited partnership agreement (“LPA”) and private placement memorandum (“Offering Documents”). Thorofare does not provide specifically tailored advice to investors in the Funds. Refer to Item 8 as well as the Offering Documents for additional details on Thorofare’s strategy.

As of December 31, 2023, Thorofare advises \$1,576,914,964 in discretionary regulatory assets under management across its two Thorofare Funds.

## Item 5. Fees and Compensation

### Management Fees and Administrative Interests:

As compensation for its advisory services provided to the Fund, Thorofare receives management fees, payable quarterly in advance, and administrative interest, payable annually, as set forth in the respective Offering Documents (“Management Fees or Administrative Interest”) of each Fund. These fees are not negotiable, although Thorofare retains the discretion to waive fees for one or more investors, in whole or in part, and has granted such waivers in the form of a side letter.

### Additional Compensation:

An affiliate of Thorofare is engaged by the Thorofare Funds in connection with the Funds’ loan origination and underwriting processes and, as compensation, is entitled to receive a certain percentage of origination fees and expenses. For example, for Fund V, an affiliate retains one hundred percent (100%) of Deferred Origination Charges, Loan Modification Charges and Origination Charges. And the General Partner receives Fifty percent (50%) of (i) Deferred Origination Fees, (ii) Loan Modification Fees and (iii) Origination Fees (collectively “Affiliate Fees”). The exact percentages on investment cash flow retained by an affiliate or paid to the Thorofare Fund are set forth in each respective Fund’s Offering Documents. The remaining fifty percent (50%) are retained by the Fund.

Thorofare and its affiliates are entitled to *receive and retain* all Borrower Fees, Borrower Reimbursements, Disposition Commissions, Property Management Fees, Mortgage Commissions and fees for Fund Services (this includes any “fee spread” between loan servicing fees received from borrower and loan servicing fees paid to a third-party loan servicer); provided that, for the avoidance of doubt, any cost or expense reimbursed to Thorofare or any of its affiliates as a Borrower Reimbursement may not be charged to the Fund as a Fund Expense.

Thorofare Lending Fund V Management, LLC and Thorofare Asset Based Lending Fund V, L.P. have entered into a side letter agreement with a third-party registered investment adviser. Pursuant to the agreement and as set forth in the Fund subscription agreements provided to the third-party registered investment adviser’s advisory clients, the advisory clients pay an additional incremental fee of 0.25% per annum (“Advisory Program Fee”) which is calculated on the same basis as Thorofare’s Management Fees. For avoidance of doubt, Thorofare collects the Advisory Program Fee from the third-party registered investment adviser’s clients and remits the Advisory Program Fee to the third-party registered investment adviser. Thorofare does not retain any portion of the Advisory Program Fee. As a result of the Advisory Program Fee, the third-party registered investment adviser’s advisory clients’ net Fund returns will be lower than other investors who do not incur an additional Advisory Program Fee.

### Fund Expenses:

In addition to the management fee, investors in the Funds bear their share of allocable expenses associated with the operations of the Funds as set forth in the Offering Documents. These include, among others, all organization expenses incurred by Thorofare and its affiliates in connection with the formation and organization of the Funds (up to the limits as specified in the applicable Funds' Offering Documents. Other expenses may include, without limitation: the cost and expenses of sourcing (including, subscriptions to industry publications, business development, travel, conference attendance, and reasonable gifts/entertainment expenses relating to research and sourcing investment opportunities), evaluating, originating, negotiating, consummating, servicing, managing and disposing of investments; the organization and ongoing expenses related to any investment structuring vehicles (e.g. special purpose vehicles such as REITs); legal, accounting and other service provider fees (including, without limitation, legal fees payable to the General Counsel of Thorofare or any Affiliate for services that would otherwise be performed by outside counsel to the Fund); interest on indebtedness; insurance premiums (including E&O and or D&O for Thorofare, the General Partner including the members, officers and employees of such and LP Advisory Board and third party insurance services); foreclosure, litigation and indemnification expenses; out-of-pocket expenses of the LP Advisory Board (including travel to meetings); taxes and governmental fees and the costs of reporting to the limited partners. To the extent such fees are incurred jointly by the Funds, such may be allocated in a manner to each respective Fund in good faith by Thorofare. Fund Expenses may, but do not currently, include placement fees which may be allocated to each respective Fund in Thorofare's sole discretion.

In addition, Thorofare: (i) charges charge the borrowers under Qualified Loans held by the Fund and other third parties normal and customary fees for services rendered by the General Partner and affiliates in connection with such Qualified Loans (collectively, "Borrower Fees") and (ii) require such borrowers and third parties to reimburse Thorofare and its affiliates for costs and expenses incurred by Thorofare and its affiliates in connection with the provision of services (collectively, "Borrower Reimbursements"), including:

- (i) loan processing and documentation fees; and
- (ii) escrow fees, trustee fees, appraisal fees, late fees, and site inspection fees (including employee travel),

provided that Borrower Fees will not include Origination Fees.

Investors should review the expanded summary of expenses in the Funds' private offering memoranda.

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

In addition to the management fee and administrative interest, investors in the Funds are subject to performance participation or carried interest which is payable to the General Partners if and when specified performance thresholds are met as set forth in each Fund's Offering Documents. The General Partners may, in its discretion, agree to special terms regarding carried interest with respect to certain Partners, including, without limitation, Thorofare employees, Thorofare affiliates and certain limited partners with significant capital commitments to the Funds.

Thorofare does not currently advise any parallel or side by side funds. As such, Thorofare does not have any incentive to favor Funds with higher potential for carried interest distributions over Funds with lower or no potential for carried interest.

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

Thorofare provides discretionary investment advisory services to each Thorofare Fund which are operating as limited partnerships exempt from registration as an investment company pursuant to Section 3(c)(5) of the Investment Company Act. Thorofare Fund investors are accredited investors, qualified clients, and/or qualified purchasers. Some of Thorofare's employees have investments in the Thorofare Funds.

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

### **Methods of Analysis and Strategy:**

Thorofare's strategy is to identify real estate transactions that cannot be completed by institutional lenders for myriad reasons, including bureaucratic reasons. LTV is the primary consideration for qualifying loans (as defined in the respective Fund's Offering Documents) and Thorofare generally targets transactions with inherently strong borrower equity positions. Thorofare's goal for each Fund is to create a portfolio of loans at attractive LTVs with borrowers who, based on their need for private financing, are willing to pay above market interest rates for such financing, and that generates a competitive preferred return to investors. Specific property locations are targeted on a micro-market level with particular focus on assessing market depth, lease rates, vacancy, absorption, new construction, and job growth. In addition, Thorofare seeks to obtain extended title coverage through American Land Title Association lender's policies to ensure that each qualified loan has a senior secured position on all properties funded.

Thorofare's strategy is to generally fund only those real estate transactions that can achieve a large spread between debt and equity positions. The target for the Thorofare Funds is to achieve a fully funded portfolio of qualified loans with an average LTV on its primary collateral in the mid-fifties, and primary collateral of each qualified loan to be at or below a 68% LTV, with many qualified loans further backed by additional collateral or personal guarantees of the borrowers or others. Qualified loans held by the Fund will primarily be loans made by the Fund as a direct lender to the borrower. However, for Fund V, they

have the ability to allocate a small percentage of the Fund's loan portfolio to higher risk-reward loans provided that, at the time of the initial investment in any such loan, no more than 5% of the assets of the Fund (by gross value, including any indebtedness of the Fund and any unfunded portions of total loan commitments of the Fund) are invested in loans for which the LTV of the Primary Collateral is greater than 68%. In addition, the Fund may, at the General Partner's sole discretion, acquire qualified loans on the secondary market.

Thorofare considers investments nation-wide. Regardless of the market of each potential investment, Thorofare and/or their affiliates complete an initial due diligence investigation of each property prior to a Fund's funding of a potential loan. During the underwriting process, Thorofare's analysts typically conduct a site inspection and investigate market conditions, title, environmental concerns, zoning, borrower credit, and most importantly, property value. They utilize a variety of economic models to analyze the safety and quality of a Fund's portfolio.

### **Risk of Loss:**

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. There are no guarantees that the Funds' investment program will be successful or that any past success of any Thorofare Fund will result in positive investment returns in the future. Thorofare will be investing substantially all of the Funds' assets in instruments which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the Funds expect to invest have recently experienced and continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Funds.

Private investment partnerships have their own set of risks, including, but not limited to lack of liquidity and diversification, strategy risk and conflicts of interest related to affiliated party transactions as set forth below. Moreover, no investor may sell, transfer, assign, convey, pledge, mortgage, encumber, hypothecate, or otherwise dispose of all or any part of its partnership interest ("Interest") without Thorofare's consent. There is no public market for Interests in the Thorofare Funds.

A more complete discussion of the risk associated with an investment in a Thorofare Fund is set forth in the respective Fund's private placement memorandum ("PPM"), and investors are encouraged to carefully review the PPM prior to making an investment decision.

### **Borrower Risk, General Market & Real Property Risk and Competition:**

Investments related to real property carry specific risks, including but not limited to: foreclosure risk and local rules and regulations affecting the ability to foreclose on properties; vacancy rates and general financial condition of buyers and sellers; condemnation, environmental contamination and eminent domain; state and local regulations and/or ordinances affecting the purchase, sale or management of properties; litigation and insurance risk; geographic market concentrations, general credit risk, and other risks.



Thorofare Funds' investments are speculative, and profitability depends on the ability of their borrowers to repay their loans. The ability of a borrower to repay may be affected by local, regional, and national real estate market and economic conditions beyond the control of the Fund. Delinquencies and defaults are sensitive to local and national business and economic conditions. Favorable real estate and economic conditions may not necessarily enhance a borrower's ability to repay due to circumstances specific to a borrower and are beyond the Fund's control.

Each type of property on which Thorofare, or their affiliates, underwrite loans has their own specific set of risks, including general economic conditions, business conditions, local market competition and conditions. Competition amongst loan originators can vary from market to market, and the Fund's returns can be affected by heavy competition in the loan origination space.

The Funds may also rely on representations of borrowers and counterparties as to the accuracy and completeness of such information and, with respect to financial statements, on reports of independent auditors. While the Fund intends to conduct due diligence regarding the value of properties and the information provided by borrowers and counterparties, it may rely on, or be unable to identify, inaccurate or fraudulent information. Of paramount concern in originating loans is the possibility of fraudulent and negligent acts or a material misrepresentation or omission on the part of a third-party including borrowers, brokers, sellers, vendors, tenants, co-lenders, loan participants, servicers and the boards and management teams of operating companies. Such act, omission, inaccuracy, or incompleteness may adversely affect the valuation of the collateral underlying the transactions or may adversely affect the ability of the Fund to perfect or effectuate a lien on the collateral securing the transaction. The Fund will rely upon the accuracy and completeness of representations made by counterparties to the extent reasonable but cannot guarantee such accuracy or completeness.

Rising or falling interest rates may increase risk associated with Thorofare's investment strategy, including but not limited to increased competition, Thorofare's ability to close loans at targeted interest rates; a borrower's ability to refinance an existing loan, lower investment returns due to the inability to close loans at higher interest rates.

Some countries, including the United States, are currently and may in the future experience substantial rates of inflation, which may have negative effects on the economies and securities markets of their economies. Governmental efforts to curb inflation (such as price controls) may involve drastic economic measures affecting the level of economic activities. There can be no assurance that the relevant governments will be able to exercise effective control over inflation rates or that a high rate of inflation will not have a materially adverse effect on the Fund or its investments.

The Funds invest in loans secured by properties undergoing repositioning novation and significant construction (including ground up or new construction), whereby the LTV is based off an "as stabilized" valuation methodology. New construction or "ground up" development opportunities include, but are not limited to, risks related to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks such as weather, labor conditions, or material

shortages), and changes in supply and demand. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the completion of development activities once undertaken. Accordingly, if the borrower fails to complete the construction of a project, there could be adverse consequences associated with the loan, including but not limited to: a loss of the value of the property securing the loan; a borrower claim against the Funds for failure to perform under the loan documents; increased costs to the borrower that the borrower is unable to pay; a bankruptcy filing by the borrower; and abandonment by the borrower of the collateral for the loan. As described above, the process of foreclosing on a property is time-consuming and may incur significant expense if Thorofare must foreclose on a property securing a loan when construction is not complete. Under these circumstances, the Funds may incur redevelopment costs.

#### Lack of Diversification and Investment Concentration:

It would not be appropriate for an investor to invest a substantial portion of its wealth in any single investment or fund. An investment in a Thorofare Fund should be part of a comprehensive investment portfolio strategy, which includes a broad diversification of investments. Thorofare's Funds lack broad diversification since they invest in a specific type of security - real estate asset backed loans. Moreover, our Funds may have a relatively high degree of concentration in the Fund's loan portfolio at any given time.

#### Leverage:

The Funds will seek to enhance returns on its investments through the use of leverage, typically with a maximum of 1:3 leverage (33.33%) calculated against total loan commitments over the life of the Fund and may obtain multiple financing sources to be secured by the Fund's assets, which may include capital commitments.

The use of significant leverage by the Funds will increase the exposure of real estate investments to adverse economic factors, such as rising interest rates, severe economic downturns, or deteriorations in the condition of a real estate investment or its market. While the use of leverage may enhance returns to the Funds and increase the number of investments the Funds can make, it will diminish returns (or increase losses on capital) to the extent overall returns are less than the costs of funds. To the extent financing is not available on terms considered favorable by the Fund, or ceases to be available, the number and size of investments that the Funds will be able to make will be limited, which could have a detrimental impact to Fund performance. In addition, even if the Funds are able to arrange for leverage, there can be no assurance that longer-term financing will be available with respect to any particular investment. Any inability of the Funds to repay such borrowings could enable a lender to seek payment from the investors to the extent of the then remaining capital commitments.

Thorofare also uses a subscription line of credit, which is not used for leverage purposes. A subscription line of credit allows Thorofare to deploy capital to fund investments while processing capital commitment calls from limited partners.

### Banking Counterparty Risk:

Thorofare relies upon third-party banks or other custodians to hold and safeguard client assets and provide credit facilities that may be used to pay fund expenses, purchase new investments, or for leverage. While Thorofare carefully selects and monitors its counterparties, there is no guarantee that such counterparties will not experience financial difficulties or otherwise fail, which could prevent Thorofare from accessing client funds, securities, or credit facilities. Thorofare could be required to call investor capital to pay expenses or purchase investments that otherwise would have been financed through a credit facility, or Thorofare could be prevented from making timely distributions of investor capital in the event a banking counterparty is shut down by regulators. In addition, Thorofare may not be able to secure similar credit facilities in the future. These events could negatively impact fund performance or result in substantial delays in the return of capital to investors.

### Co-Investor Risk:

The Fund may co-invest in one or more loans with certain limited partners, strategic investors, lenders (or affiliates thereof), and/or other third parties through joint ventures or other entities, which parties in certain cases may have different interests or superior rights to those of the Fund. Although it is Thorofare's intent for the Fund to retain control rights over the Fund's investments, under certain circumstances it may be possible for the Fund to relinquish control rights over certain of its investments and, therefore, may have a limited ability to protect its position therein. In addition, the Fund's co-investment may subject the Fund to typical risks associated with third-party involvement and differing interest between limited partners, including the possibility that a third-party or limited partner may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund or certain limited partners, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives.

### Public Health Risk:

Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the COVID-19. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the locations in which the Fund may invest and thereby adversely affect the performance of the Funds' investments.

For a more detailed discussion on each of our Fund's respective investment strategy and risk, investors are strongly encouraged to review the Funds' Private Placement Memorandum.

### Conflicts of Interest:

Certain conflicts of interest exist between and amongst Thorofare, its affiliates and other third parties. Conflicts of interest can cause Thorofare to engage in riskier investments; act in Thorofare's, its affiliates' or third parties' own best interest; or increase the costs associated with an investor's investment

in one of the Thorofare Funds. Such conflicts of interest include: engaging in affiliated party transactions such as the sharing of origination fees with an affiliate loan underwriter; co-investment by a limited partner or affiliate of Thorofare, or a third party sponsor in Fund loans--what is commonly called a B-Note investment (a higher risk participation interest in the loan); the generation of fees and reimbursement of expenses by Thorofare or its affiliates that are not deemed investment income by the Thorofare Funds or reimbursable to the Thorofare Funds; indemnification of the General Partner, Thorofare or its affiliates; activities of principals of Thorofare that may overlap with the business of Thorofare and its Funds; the offering of side letters to one or more limited partners causing such limited partners to pay lower fees; and the Thorofare Funds' preferred return or carried interest provisions may impact investment decisions of Thorofare. In order to mitigate the conflict of interest associated with related-party investments in co-investments or B-Notes alongside Fund investments Thorofare has implemented co-investment policies and procedures that address the allocation, preferential terms, and disclosure of such transactions. In addition, all such related party transactions, while infrequent, will be reported to LP Advisory Board for input and majority approval. The disclosure will include material terms, such as, the note rate of returns, purpose of the syndication, description of any related parties participating, and rights of the B-Note holders (if in a potential conflict with A-Note holders). If approved by the LP Advisory Board, the same disclosure and consents will be made available to all investors.

In addition, Thorofare has discretion and authority to classify certain fees and expenses owed by borrowers of loans in which the Thorofare Funds invest. For example, if Thorofare were to negotiate with a borrower to pay higher or lower origination or exit fees, default and/or back interest or late fees, this may have a direct impact on revenue allocated to the Thorofare Funds, since such Thorofare Funds participate in some revenue streams and not others. To address this conflict, Thorofare policies and procedures require that investment decisions be made in the best interests of our Clients, without consideration of pecuniary interests of Thorofare or its employees, including precluding the employee who originated the loan from voting at the Investment Committee.

Thorofare may, in its sole discretion, cause Capital Commitments to be drawn by a Fund in any order not prohibited by applicable law; provided that at least 50% of the contributed capital applied to fund new investments shall consist of Rollover Amounts, to the extent available; provided further that notwithstanding the foregoing, in the event there are Principal Repayments retained by the Fund that are otherwise distributable to the limited partners, Thorofare shall have the right, but not the obligation, to fund all or any portion of new investments with such retained Principal Repayments, to the extent available.

In the event Thorofare determines that a loan held in the Fund is impaired, non-performing or that it would otherwise be equitable to exclude one or more such investments from the Fund in which new investors would participate, Thorofare may designate the loan as a Side Pocket Investment. Once a loan becomes a side pocket investment, it generally is not removed from the side pocket. Investors who are invested in Fund V at the time an investment is side pocketed will be exposed to the side pocketed investment. Fund V Investors who acquire interests in the Fund at subsequent closings will not participate

in any investments that have been deemed to be a side pocket investment prior to such closing. Investor performance returns will vary (both positively and negatively) depending on each investor's side pocket participation. In addition, investors whose interests are in Run-Off Accounts will not participate in new investments. Therefore, the returns of these investors will differ from the returns of other investors in the Fund. As part of its review of each Fund, Thorofare monitors all investments for side pocket treatment in accordance with its Side Pocket Arrangements policy. For Fund V, investments will be presented at a fair market value on a quarterly basis.

Investors should refer to the Offering Documents for more complete information and additional disclosures pertaining to other conflicts of interest which may exist, including affiliate transactions, which may require consultation or approval by investors or an LP Advisory Board comprised of representatives of certain of the underlying investors in a Fund.

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

Thorofare is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Thorofare does not have any required disclosures to this Item.

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

Neither Thorofare nor any of its management persons is currently registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities. Certain Thorofare employees are registered representatives of an unaffiliated broker-dealer in connection with their activities relating to the private placement of the Funds.

Through our common control by Callodine Group, we are affiliated with various U.S. registered investment advisers (as reported on Part 1 of our Form ADV) and pooled investment vehicles, among other financial and operating entities. We occasionally may engage in business activities with some or all of these entities, subject to our policies and procedures governing how we handle conflicts of interest. Callodine Group shares personnel and certain resources with its affiliated registered investment advisers, including Thorofare, except where limited by applicable policies and procedures. Currently, these entities focus primarily on different investment strategies and are generally operationally independent from Thorofare.

As disclosed in the Fund offering documents, Thorofare has affiliated mortgage lending and servicing companies, who underwrite the loans to Thorofare Funds.

Thorofare has related persons who are real estate agents, salespersons or brokers or act as real estate agents, salespersons, or brokers. An affiliate also provides non-advisory management services for a fee with respect to several loans it previously originated for two third parties. As disclosed previously in Item 5,

legal fees payable to Thorofare's General Counsel or any Affiliate for services that would otherwise be performed by outside counsel are eligible to be expensed to the Funds. However, such services are generally not charged as an expense to the Fund. Income for these services is a factor of the General Counsel's overall compensation which is paid by the adviser. Legal services include, but are not limited to, preparing loan documents and other documents necessary to close loan transactions which will comprise the Thorofare Fund investments. Borrowers are charged a legal fee for preparing such documents, and the General Counsel's fees are offset against his salary.

Thorofare does not recommend or select other investment advisors for our clients in return for direct or indirect compensation from such advisers.

#### **Item 11. Code of Ethics**

Thorofare has adopted a Code of Ethics for all employees and partners of Thorofare describing its high standard of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client and firm information, prohibitions on insider trading and market manipulation, policies and procedures regarding personal trading, and disclosure and approval requirements for gifts, business entertainment and other conflicts of interest. All employees must acknowledge receipt of the Code and any amendments and report any violations of the Code to the Compliance Officer.

Thorofare's personal trading policy permits employees to make investments in their personal accounts, subject to certain restrictions and pre-approval requirements. Employees may also invest in the Thorofare Funds, subject to eligibility requirements.

A copy of our Code of Ethics will be provided to investors upon request.

#### **Conflicts of Interest**

In the ordinary course of conducting its activities, the interests of Thorofare and its affiliates may conflict with those of Thorofare's Clients. Some of these potential conflicts, and our measures to address them, include:

**Performance-Based Fees.** Performance-based arrangements create an incentive for Thorofare to recommend investments that are more risky or speculative than those that would be recommended under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities. Refer to Item 6 for additional information pertaining to how Thorofare addresses this conflict.

**Valuation.** Thorofare exercises supervisory authority over the valuation of the Funds' assets. Valuation methodologies for certain investments can be subjective and involve a measure of judgment by Thorofare. The portfolio valuations that we oversee affect the calculation of management fees payable to us and the performance allocation paid to our affiliate, the General Partner. We have a valuation policy designed to

minimize this potential conflict of interest which requires us to use consistent and fair valuation criteria in circumstances where external pricing is unavailable or unreliable.

**Co-Investments.** In the future, Thorofare may serve as investment manager to certain Co-Invest Funds that invest alongside the Funds. Third party investors and other persons may be permitted to participate in the Co-Invest Funds or in some cases co-invest directly in a particular real estate-related asset. Generally, Thorofare will select which investors or other persons are permitted to co-invest based on various factors, including (but not limited to) the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis, the investor's expression of interest or right to co-invest granted by such investor's limited partnership agreement or side letter arrangement, and any other reason for including such investor or person.

In circumstances where an entire investment could be made by a Fund, Thorofare may still allocate a portion of such investment to one or more Co-Invest Funds or co-investors, in accordance with the applicable Fund's Governing Documents and our allocation policy, if Thorofare believes, in its good faith judgment, that such allocation is in the best interests of the clients. For example, Thorofare might reasonably believe that a Fund making the full investment would unreasonably limit the diversification of the applicable Fund, exceed the loan criteria set forth within the governing documents, or that a particular co-investor would add value to the Fund or the investment. Investors that participate in co-investments may be in a position to obtain additional information regarding the applicable investment that may not generally be available to investors in the Fund.

**Side Letters.** Thorofare has entered into side letters which provide certain limited partners with additional or different rights (including with respect to access to information, reduced fees and carried interest, and more favorable liquidity terms) than such limited partners have pursuant to the applicable Governing Documents. As a result of such Side Letters, certain limited partners may receive additional benefits that other limited partners will not receive. Thorofare is not currently required to notify any or all of the other limited partners of any such Side Letters or any of the rights or terms or provisions thereof or offer such additional or different rights or terms to any or all of the other limited partners. Thorofare may enter into such Side Letters with any party in its sole and absolute discretion, at any time. The other limited partners will have no recourse against Thorofare or any of their affiliates in the event that certain limited partners receive additional or different rights or terms as a result of such Side Letters.

## **Item 12. Brokerage Practices**

Thorofare specializes in managing portfolios of real estate loans and the Thorofare Funds are designed and formed to provide investors with a real estate lending investment vehicle. Thorofare's investment advice is limited to advising on such types of investments. As such, Thorofare does not have traditional brokerage relationships with broker/dealers who execute trades of publicly available securities.

However, Thorofare engages other financing counterparties to complete transactions on behalf of the Funds. When executing a transaction in any investment for a Fund, Thorofare must take reasonable steps to ensure that the counterparty is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature. In determining to retain such parties, Thorofare may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Thorofare generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not necessarily pay the lowest commission or fee for such services.

Thorofare does not engage or transact with any of its affiliates for brokerage services.

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

Thorofare continuously monitors all Fund investments for adherence to investment objectives, policy, and restrictions with respect to each Fund. Each Thorofare Fund has an investment committee which approves each transaction. In addition, each limited partner receives a copy of an annual independent audited financial statement report from each Thorofare Fund in which such limited partner is invested.

On a quarterly basis, investors in each Fund will receive an investor update letter containing the assets and liabilities, profits or loss, summary of Capital Account activity as of the end of each fiscal quarter.

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

From time to time, Thorofare enters into arrangements with third parties (“Promoters”) whereby Thorofare compensates such Promoters for referring investors to invest in Thorofare Funds. To the extent required by applicable law or Thorofare’s internal procedures, Thorofare will only enter into an arrangement if the investor is aware of the fee arrangement and the arrangement is in compliance with applicable rules and regulations. Thorofare will furnish each such investor with a current copy of the Adviser’s written disclosure statement and the Promoter’s written disclosure document and Thorofare will receive from any such client/investor a written confirmation of receipt of such documents, to the extent required by applicable law.

### **Item 15. Custody**

Thorofare is deemed to have custody of client fund assets and securities. Each Thorofare Fund will engage an independent accounting firm registered with the Public Company Accounting Oversight Board to audit the Funds and complete audited financial statements. Copies of the audited financial statement reports are sent to each Thorofare Fund investor within 120 days of fiscal year-end.



**Item 16. Investment Discretion**

Thorofare has discretionary authority over all assets it manages for the Funds, consistent with the investment objectives and strategy described in the Offering Documents and investment management agreements. Thorofare does not provide advisory services directly to investors in the Thorofare Funds.

**Item 17. Voting Client Securities**

As discussed above, Thorofare does not anticipate investing in securities which would give rise to voting proxies. Therefore, this item is not currently applicable.

**Item 18. Financial Information**

Thorofare does not require or solicit the prepayment of fees six- months or more in advance. In addition, Thorofare is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Thorofare has no disclosures pursuant to this Item.