

Item 1: Cover Page



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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of ECP Investment Advisors LLC and its affiliates (“Adviser”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer, Frank Schubert at (214) 922-1063 or fschubert@excapadvisors.com.

Additional information about the Adviser is also available on the SEC’s website at: www.adviserinfo.sec.gov. The Adviser is registered as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

The Adviser is providing the annual update to the Brochure for the fiscal year ended December 31, 2023. A summary of the material changes made to this Brochure since the date of the most recently filed Brochure is set forth below:

- The Adviser had a change in Assets Under Management, reflected in Item 4.

Investors and clients are encouraged to review this Brochure in its entirety. The information set forth in this Brochure is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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Item 4: Advisory Business

ECP Investment Advisors LLC, (the “Adviser”) is an investment advisory firm organized as a Delaware limited liability company. The Adviser was founded in June 2016 by ECP Services LP. Expedition Capital Partners GP LLC is the general partner of ECP Services LP and is owned by Ty Miller, Frank Schubert, Jason Claro (the “Principals”) and Expedition Holdings LLC.

The Adviser provides discretionary investment management services to affiliated investment funds (each a “Fund” or “Funds” and collectively, the “Clients”)¹. The Adviser’s services to the Funds consist of (i) investigating, identifying and evaluating investment opportunities; (ii) structuring, negotiating and making investments on behalf of the Funds; (iii) managing and monitoring the performance of such investments; and (iv) exiting such investments on behalf of the Funds. The Adviser’s services to each Fund are subject to the specific investment objectives and restrictions applicable to such Fund, as set forth in such Fund’s limited partnership agreement and other governing documents (collectively, the “Governing Documents”).

The Funds are offered exclusively to individuals and other persons who qualify as “accredited investors” under Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and “qualified clients” as defined by Rule 205-3 under the Advisers Act.

The Fund’s primary purpose is to provide investors with the opportunity to invest in real estate developments and value-add acquisition properties both regionally and throughout the United States. The Fund intends to capitalize on strategic real estate relationships to invest, both directly and indirectly, in real estate projects sponsored by real estate operating companies with which the Fund has or expects to develop a preferred relationship (each, an “Investment”). In the future the Adviser may sponsor and operate its own real estate projects and invest in those projects with affiliated pooled investment vehicles and third-party capital.

Investors and prospective investors in each Fund should refer to the Governing Documents of that Fund for information on the investment objectives and investment restrictions with respect to that Fund. There can be no assurance that any of the Funds’ investment objectives will be achieved. As such, the Adviser’s services are generally not tailored to the individualized needs of any particular investor of the Fund. Since the Adviser does not provide individualized advice to investors (and an investment in the Fund does not, in and of itself, create an advisory relationship between the investor and the Adviser), investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing.

All discussion of the Fund in this Brochure, including but not limited to its investments, the strategies used in managing the Fund, and conflicts of interest faced by the Adviser in connection with the management of the Fund are qualified in their entirety by reference to each Fund’s respective Governing Documents.

As of December 31, 2023, the Adviser has \$160,917,190 in assets under management, all managed on a discretionary basis.

¹ “Fund” or “Client” means a private investment fund to which the Adviser provides investment advice and/or invest on a discretionary or nondiscretionary basis. The individuals and other persons that invest in the Adviser private investment funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “Client” do not include “investors.”

Item 5: Fees and Compensation

Compensation and Fees

The Adviser and its affiliate, Expedition Capital Advisors LLC, will collectively receive from the Fund an annual investment management fee generally equal to 1.5% of the total Fund capital invested in and allocated to such Investment. The management fee for each Investment will be paid from the cash flow attributable to such Investment or from capital contributions allocated to such Investment as follows: (i) for the first year of such Investment (commencing on the first day of the first calendar month following the acquisition of such Investment and ending 12 full calendar months thereafter), quarterly in advance beginning on the first day of the first calendar month following the acquisition of such Investment; and (ii) thereafter, quarterly on the first day of each calendar quarter.

In addition to the management fee, Expedition Fund I GP LP, Expedition Fund II GP LP, and ExCap Fund III GP LP (the “General Partner”), may be paid an acquisition fee, project level asset management and construction fee on each Investment that is made. The General Partner will attempt to have any acquisition fee, asset management or construction fee paid to the General Partner by the Project Entity (as defined in the Fund’s Governing Documents). For Expedition Fund I GP LP, if the Project Entity did not pay the fee, then the Fund paid the General Partner a fee equal to one-half of one percent (0.5%) of the capital contribution made or committed to be made by the Fund I for the real estate project that is the subject of the Investment. If the Project Entity did not pay the acquisition fee or does not pay at least .5% of the capital contribution, then the Fund I paid any unpaid amount up to .5% aggregate fee to the General Partner. If and to the extent such alternate amount exceeded the one-half of one percent (0.5%) of equity capital amount, such excess amount was not treated as a credit to or prepayment of the acquisition fee or any other fees payable to the General Partner or its affiliate. For Expedition Fund II GP LP, if the Project Entity pays an acquisition fee the Fund II annual management fee will be reduced by the amount of any acquisition fee so received. For ExCap Fund III GP LP, the annual management fee will not be reduced by the amount of any acquisition fee paid by the Project Entity.

Other Expenses

The Adviser and its affiliates are responsible for their normal administrative and overhead expenses, including compensation of employees, office space and facilities, office supplies, utilities, telephone service, fees for clerical and administrative services and all other normal overhead costs necessary for the operation of the Funds.

Each Fund is governed by its own governing documents, which detail a description of expenses for such Fund. While differences exist among the Funds, the following is a description of expenses generally charged to each Fund.

The Funds will be responsible for all of its expenses, including travel costs; taxes and other government charges; fees and duties payable to federal, state, local and other governmental agencies; litigation expenses, including damages, settlements and reimbursement obligations; brokerage commissions and fees; expenses for banking, depositary, safekeeping and custodial services; costs of reports; consulting fees, outside counsel, tax preparation, printing and mailing costs, administration and accounting expenses (which, for the avoidance of doubt, includes, but is not limited to, (i) third party accounting and administration services, (ii) costs and expenses related to Fund compliance testing and reporting, (iii) occupancy costs related to data management, investor records and other

data storage, (iv) equipment and office space related to disaster recovery and other business continuity arrangements; expenses related to the offer and sale of Interests, research and economic reports, publications and subscriptions; capital contributions to Project Entities (as defined below); premiums for insurance (including insurance for the protection of officers, managers, directors, and key employees); and all costs associated with the research, investigation, negotiation, and closing of Investments and subsequent management of the investment, whether or not the Investment is actually made, and (v) organizational and offering expenses of the Fund.

If an expense is incurred by the General Partner, the Fund or any of their affiliates, and such expense benefits not only the Fund but also a co-investor, then such expense will be allocated among and reimbursed by such benefiting entities in such a manner as determined equitable by the General Partner. It is anticipated that this allocation will be pro rata based upon the total commitments of the respective investment groups and the total capital committed to the various Investments. This is true with respect to the payment of the acquisition fee as well. If the General Partner determines that the method of allocation of expenses or fees is based in whole or part on the total capital committed to the Fund and any co-investors, or upon the amount invested by such entities in a particular Investment, then the General Partner may adjust the burden of the reimbursed expense or fee if, as and when the amounts of committed capital or invested capital change.

For more detailed information and a complete description regarding each Fund's fees and expenses please refer to the applicable Fund's Governing Documents.

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

The General Partner may be entitled to receive carried interest distributions with respect to the Funds. The carried interest or incentive distribution is effectively equivalent to a percentage of a Fund's net profits, subject to certain terms and conditions set forth in the Governing Documents of the Fund. Any share of Fund net profits paid to the General Partner is separate and distinct from any annual management fees and other fees paid or borne by the Funds.

As a fiduciary, the Adviser recognizes that it must treat all of its clients fairly and must refrain from favoring one Fund's interests (or the Adviser's own interests) ahead of another Fund(s). Carried interest distributions could motivate the Adviser to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. For example, a carried interest distribution generally entitles the Adviser's affiliates to a percentage of the net profits of a Fund; however, the recipient may not be required to bear the same proportion of the net losses, if any, suffered by the Fund as a whole. The Adviser generally attempts to mitigate conflicts of interest associated with carried interest distributions through (i) the requirement that invested capital be returned to investors before the Adviser is entitled to receive any carried interest distributions; (ii) the requirement that the Adviser or its affiliate has a capital commitment to the applicable Fund; and (iii) the periodic claw-back obligations of the General Partner.

The method of calculating the carried interest may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. Certain of the Adviser's individual employees, agents and entities may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict.

In general, the Adviser attempts to address any material conflicts through full and fair disclosure in the applicable Governing Documents and this brochure.

Item 7: Types of Clients

Currently, the Adviser provides investment advisory services solely with respect to affiliated private pooled investment vehicles, its sole advisory clients.

The minimum initial capital commitment generally required for an investor in a Fund is \$1,000,000 (subject to the Adviser's discretion to accept a lesser amount).

Item 8: Methods of Analysis, investment Strategies and Risk of Loss

The Adviser generally seeks long-term capital appreciation through investment in the real estate sector.

The Adviser understands that real estate is a local business that is most effectively executed at a local expert level. Deal flow is a vital requirement to successful real estate investing. The Adviser intends to capitalize on strategic real estate relationships that it developed over the years. The Adviser will utilize its in-depth, preferred relationships with operating companies in order to gain access to their diverse pipeline of general partners and limited partner investment opportunities.

The Adviser's existing strategic relationships operate in the multifamily, senior living and select service hotel sectors. The Adviser's preferred relationships allow it significant discretion, favorable economic terms, in-depth underwriting and greater execution knowledge with its investments, as well as preferential access to project pipelines for potential investment and, in the case of limited partner investments, major decision rights with operators. The Adviser intends to make future investments with those preferred relationships as well as with new operating companies with whom it may develop a preferred relationship.

The Adviser typically structures Investments by partnering with or entering into, either directly or through an affiliated entity, a joint venture or partnership (each, a "Project Entity") with a real estate company that has the experience necessary to make the subject real estate project a success (a "Project Sponsor"). Project Entities can be structured as holding companies or operating companies. It will typically be the Project Sponsor's responsibility to (i) obtain project level financing, (ii) provide all loan and construction cost guarantees, (iii) contribute a portion of the equity required for the project, and (iv) make day-to-day decisions related to each applicable Investment and executing the development or renovation plan. The Fund anticipates providing approximately \$1 million to \$10 million of equity for each Investment. Debt will typically be incurred by the Project Entity and may be used to fund a significant portion of the project-specific capital (typically between 60% and 75% of the total project costs). The Project Sponsor will typically invest a portion of the equity required to acquire or develop the project. The Project Sponsor co-investment will typically range from 5% to 20% of the total required equity. This aligns the interests of the Project Sponsor with those of the Fund.

The Project Sponsor will typically receive market rate fees for services provided during some or all of the ownership period for the project. These services could include acquisition, development, asset management, property management or construction management and/or leasing commissions. The fees will be in amounts and for services that are standard in the market. Some of these services may be provided by third parties and not the Project Sponsor.

In the case of development of a new project, the Project Entity will generally not distribute cash flow to the Fund until development of the subject property is completed, and the property is ultimately sold, though some minor cash distributions may be received as projects near the point of being stabilized. On acquisition of an existing project with value-add potential, after renovation and stabilization, the Project Entity will generally distribute to the Fund an annual return of 4% to 6% of invested capital before fees, with any remaining distributions made upon sale of the property. Project Entities will not usually make distributions for the purpose of paying taxes. Accordingly, it is not likely that the Fund will make tax distributions to the investors.

Generally, the Adviser anticipates making investments ranging from \$1 million to \$10 million, subject to change at the Adviser's discretion.

THE FOREGOING RISKS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL THE RISKS INVOLVED IN INVESTING IN THE FUND. POTENTIAL INVESTORS ARE URGED TO READ THIS ENTIRE DOCUMENT AND THE APPLICABLE GOVERNING DOCUMENTS BEFORE MAKING A DETERMINATION WHETHER TO INVEST IN THE FUND.

The Investors will rely on the General Partner and the Adviser for all investment decisions.

The General Partner will have sole discretion to select, manage and dispose of investments, utilizing advice from the Adviser. Investors will have no power over these decisions. Therefore, prospective Investors must be willing to entrust the General Partner and the Adviser with all aspects of these decisions. Potential Investors must carefully evaluate the personal experience and business performance of the General Partner and its affiliates and Principals. If the General Partner does not effectively select or manage the Fund's investments, an Investor may experience a complete loss of his investment.

Interests are not a diversified investment.

Because an investment in the Fund represents an investment in a single entity, which will invest only in real estate, such an investment is not a diversified investment. However, the Fund intends to diversify its real estate investments to some extent by investing in different types of real estate projects within different geographic markets and may invest with different project sponsors ("Project Sponsors"). The Fund's ability to diversify its portfolio of investments will depend to a great extent on the number of Interests sold in this offering, as a greater amount of capital will allow a larger number of investments. However, the poor performance of the General Partner in selecting investments for the Fund, or the poor performance of any investment, could adversely affect the profitability of the Fund and the overall return to the Investors. This return may be lower than if the Investors directly owned an interest in the investments or selected their own real estate investments.

An investment in the Fund is speculative.

No assurance can be given that you will realize your investment objectives or realize a substantial return (if any) on your investment or that you will not lose your entire investment. You should carefully read the Governing Documents. Because the net profit or loss is calculated separately for each investment, the General Partner may earn an incentive allocation on certain investments, while an Investor could lose its entire Capital Contribution with respect to one or more other investments. **YOU SHOULD CONSULT WITH YOUR ATTORNEYS, TAX ADVISORS, ACCOUNTANTS**

AND BUSINESS ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE FUND.

If the Adviser is unable to find suitable investments, then it may not be able to achieve its investment objectives or pay distributions.

The Adviser's ability to achieve its investment objectives and to pay distributions is dependent upon the identification of potential investments and the determination of any financing arrangements. Although the Adviser will have preferred investment opportunities through its operator relationships, the Adviser cannot be sure that it will be successful in obtaining suitable investments. Further, some of its operating partners are under no obligation to present investments to the Fund, and as a result, there is no guarantee that the Fund will continue to have access to projects sponsored by such partners. If the Adviser is unable to identify investments that satisfy its underwriting criteria and invest in a timely fashion, the business strategy and operations may be adversely affected. Investors must rely entirely on the management ability of the General Partner. There is no guarantee that the General Partner will be successful in obtaining suitable investments on financially attractive terms or that, its investment objectives will be achieved. If the Adviser and its affiliates are unable to find suitable investments, it will be solely at the discretion of the General Partner to determine what action, if any, will be taken. In such an event, the Adviser's ability to achieve stated investment objectives and pay distributions to Investors would be adversely affected.

The Adviser may not be able to achieve the targeted rate of return on investments.

The Adviser's success will be subject to all the risks attendant to real estate equity and real estate lending transactions. Each investment must generate sufficient net profits for the Investor to achieve targeted rate of return for such investment. The fact that one or more investments achieve or exceed their targeted rate of return does not mean the overall performance of the Fund will achieve an Investor's targeted rate of return since each investment's net profits are determined and distributed separately.

Competition with others for investment opportunities.

Real estate investment, development and finance is a very competitive industry. While the Adviser will have preferred access to certain investments through its operator relationships, the Adviser also intends to make investments outside those relationships. The Adviser will compete with many entities engaged in real estate investment and development activities, including individuals, corporations, bank and insurance company investment accounts, real estate investment trusts, institutional investors, homebuilders, developers and other real estate investors. The Adviser's ability to make or purchase a sufficient number of investments to meet its objectives will depend on the extent to which it can compete successfully against these other real estate investors, including investors that may have greater financial or marketing resources, greater market presence or be better positioned than the Adviser. Other competitors may be able to undertake more effective marketing campaigns or adopt more aggressive pricing policies than the Adviser can, which may make it more difficult for the Adviser to make successful investments. Increased competition could result in lower rates of return on available investments and higher expenses, which would reduce our profitability.

The Adviser and its affiliates expect to borrow money at the investment level to purchase, construct and develop some of the projects and reach the desired amount of leverage. If the Adviser and its affiliates fail to obtain or renew sufficient indebtedness on favorable terms or at all, the Adviser's results may be harmed.

The Adviser expects to incur average indebtedness at the investment level (for each investment) of approximately 65% to 70%, but an individual project could reach up to approximately 75% of the total project costs. The Adviser's ability to achieve its investment and leverage objectives depends on the ability of the Funds or Project Sponsors to borrow money in sufficient amounts and on favorable terms. If lenders do not allow these borrowings to be renewed or if the Adviser cannot replace maturing borrowings on favorable terms or at all, the Adviser might have to sell investment assets under adverse market conditions, which would harm overall results of operations and may result in permanent losses.

The Project Entities intend to take on debt that is non-recourse to the Investors, such debt may be subject to limited guarantees by the Fund or its subsidiaries, to buy, build and otherwise improve the real estate. Credit market conditions make it likely that lenders could require recourse to the Fund with respect to certain loan covenants, including various environmental indemnities and carve outs. Debt financing carries certain risks because debt service requirements generally cannot be reduced if the project underperforms. If a project does not perform as expected (due to lower than projected rental rates, higher vacancy rates or otherwise) and the Fund or Project Sponsors are unable to renegotiate the debt service with lenders or reduce debt through additional investment of the Fund's capital, the Fund could lose its Investment in mortgage foreclosure and suffer a loss of capital. If the Fund is required to provide recourse to all of its projects in financing, the Fund could lose all of its projects in foreclosure. Additionally, an adverse track record in one or two projects could impair the Fund or Project Sponsors' ability to deal effectively with other lenders (to obtain debt financing or negotiate debt service relief for other projects) or, in certain cases, reduce capital available to other Fund projects (or distributions to Investors.).

In addition, the expected returns from real estate projects are affected by mortgage lending rates. If mortgage costs increase significantly from rates experienced over the last few years, the Fund's returns from one or more of its projects could be reduced. An increase in borrowing costs or a disruption in the capital markets may cause an increase in capitalization rates which may cause a meaningful—and negative—effect on the price at which assets may be sold. A disruption in the capital markets may decrease the general liquidity of the market and make it difficult for the fund to finance its activities or make it difficult or unattractive to dispose of assets at the end of the Fund's term.

In order to bridge the acquisition of certain properties prior to the receipt of a commitment to permanent debt financing or to fund capital and expense needs of committed projects, the Fund may draw on its line of credit which would likely subject all or a portion of the Fund assets, in addition to the property being acquired, to a claim by a lender.

The Adviser may be subject to prepayment penalties or yield maintenance practices by lender(s).

In many instances, lenders may impose terms that could cause the Project Entities to incur substantial penalties should the Project Entities—or future buyers of Investments—choose to repay a loan on a given property, or portfolio of properties, prior to the end of the loan term. These penalties may be a fixed percentage of the outstanding loan balance at the time of the payoff (prepayment penalty) or a calculation of the lost interest income to the noteholder over the remaining term of the loan (yield maintenance). Yield maintenance penalties generally rise as interest rates fall. In a falling interest rate environment, which may be accompanied by falling cap rates, a property or portfolio of properties held by the Fund with unfavorable loan terms may fail to keep pace with a general rise in real estate prices.

Prepayment penalties and yield maintenance may adversely affect the value of the equity in any given

property or portfolio of properties, regardless of any positive changes in interest rates or property values generally. Prepayment penalties and yield maintenance could adversely affect the value of the equity of Project Entities and ultimately, the performance of the Fund.

Payment of fees to the General Partner and its affiliates will reduce cash available for investments and distributions.

The General Partner and its affiliates will perform services for us in connection with the offer and sale of the Interests, and the selection, acquisition and administration of our investments. They will be paid or accrue fees for these services, which will reduce the amount of cash available for funding investments or distribution to Investors.

The Adviser may be subject to risks related to the geographic concentration of the investments.

The Adviser intends to invest in real estate projects throughout the United States. It is possible that a higher percentage of its investments will relate to property located in one or more states. If the real estate markets or general economic conditions in the geographic areas in which the Adviser invests unexpectedly decline to an extent greater than we forecast or recover to a lesser extent than the Adviser forecasts, the value of the real properties in which it invests and that underlying investments in these areas could decline. Any of these events could materially adversely affect the overall return to Investors.

The Fund's ownership interests in real estate could expose the Fund to liabilities.

The Adviser expects the Fund to purchase certain projects directly for value-add renovations and may enter into joint venture agreements with Project Sponsors to invest in real estate properties. The Fund may be exposed to various liabilities as a partial owner of these properties including, without limitation, liabilities for taxes, environmental liabilities, and liabilities in connection with the development activities occurring on the property.

The costs of compliance with environmental and/or human health and safety laws and regulations may adversely affect the Fund's income and the cash available for distributions.

All real property and the operations conducted in connection with real property are subject to federal, state and local laws, ordinances and regulations relating to environmental protection and human health and safety. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials and the remediation of contamination associated with disposals. Under limited circumstances, a secured lender, in addition to the owner of real property, may be liable for clean-up costs or have the obligation to take remedial actions under environmental laws, including, but not limited to, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or CERCLA. Some of these laws and regulations may impose joint and several liabilities for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal. In addition, the presence of these substances, or the failure to properly remediate these substances, may adversely affect the Adviser's ability to sell such property or to use the property as collateral for future borrowing.

The Fund will be subject to a number of legal and regulatory requirements.

Federal and state laws and regulations impact numerous aspects associated with the acquisition, development, construction and financing of real estate and real estate related products. Violations of these laws and regulations by the Fund or a Project Sponsor of underlying joint ventures could materially adversely affect the Fund's business, financial condition and results of operations. The Adviser cannot predict the extent to which any law or regulation that may be enacted or enforced in the future may affect the Fund's operations. In addition, the costs to comply with these laws and regulations may adversely affect profitability. Future changes to the laws and regulations affecting the Fund, including changes to environmental laws, zoning ordinances, mortgage laws, securities laws and the manner in which limited partnerships are taxed, could make it more difficult or expensive for the Adviser to comply with such laws.

The Adviser's investment strategy is subject to the general market risks associated with real estate development.

The Fund's financial performance will depend on the successful acquisition and sale of the real estate projects by the Fund or any Project Sponsors or that serve as security for the loans the Fund makes. As a result, the Fund will be subject to the general market risks of real estate development, which include the price and availability of land, environmental liabilities, zoning laws as well as construction pricing and timing and numerous other factors that may, either individually or in the aggregate, materially adversely affect our business, financial condition and results of operations.

Investment returns may be negatively impacted by higher than predicted operating and other expenses.

The Adviser will depend on third party on-site property managers or Project Sponsors to manage daily operations and other expenses associated with real estate investments. Operating expenses, together with the cost of replacing worn-out fixtures, are key inputs in the calculation of net operating income ("NOI"), which in turn is a critical factor in determining the value of a property. The property management team for an investment will play an important role in controlling certain expenses. There can be no assurance, however, that either the property manager or Project Sponsors will control expenses or operate underlying properties within projected expense parameters. Additionally, general inflationary pressures may affect operating expenses, causing these expenses to rise more quickly than the rate of increase in rental income, if any. In either case, an increase in operating expenses will adversely affect NOI, which will in turn adversely affect the value of any given property or portfolio of properties, and accordingly will adversely affect the performance of the Fund.

In addition to such controllable expenses, there are a variety of expenses beyond the control of the property manager or project sponsor, including property taxes, utilities and insurance, among others. Any increase in these expenses, particularly if such increases outpace increases in rental income, will adversely affect NOI. Any adverse impact on NOI will in turn negatively impact the value of any given property or portfolio of properties, and as a result adversely affect the performance of the Fund.

Fund acquisition investments will be subject to risks attendant to capital improvement planning.

As a critical component of its investment strategy, the Fund may invest in entities which will acquire properties with the intent of investing additional capital to improve the property. These capital improvement programs may seek to improve apartment unit interiors, common areas, landscaping, recreational facilities and on-site infrastructure. These capital improvement programs may also entail untested approaches to increasing income and/or reducing operating expenses. The implementation of a capital improvement program is an important component affecting a property's ability to compete

in the market, attract and retain residents, deliver incremental income growth that exceeds general rental market growth rates, or reduce operating expenses.

In executing a capital improvement program, a project sponsor or property manager may choose a design, plan or products that fail to deliver the projected incremental rent increases or operating expense reduction. A project sponsor or property manager may purchase products or equipment that are not appropriate for the property or the target market and need to be immediately replaced, incurring additional labor and materials cost. Competitive properties may invest more or execute a capital improvement program more effectively. Increases in construction costs may also adversely affect a project sponsor's ability to successfully implement a capital improvement program. In any of these cases, waste and/or the failure to achieve any—or sufficient—incremental income growth will negatively impact both Project Entity's return on the capital improvement program as well as NOI. A poor return on capital or an adverse effect on NOI will in turn negatively impact the value of any given investment in a Project Entity and adversely affect the performance of the Fund.

In addition to capital improvement programs, an Operator Entity's properties may require ongoing capital expenditures to maintain the condition of the properties. Such expenditures may be significant and could adversely affect the performance of the Fund.

Capitalization rates will affect the value of the Fund's investments.

A capitalization rate (or "cap rate") is an important factor in establishing the market value of any given property or portfolio of properties. Cap rates are in effect a multiple of a property's earnings (generally NOI). Dividing NOI by the cap rate is generally a strong indicator of a property's value. Higher quality properties tend to have lower cap rates. Property values are very sensitive to changes in cap rates. A "5-cap" suggests that a property is valued at 20x NOI. By way of example, a property with \$1,000,000 of NOI would be worth \$20 million at a 5-cap. Were cap rates to increase to a 6-cap, the same property would fall in value to \$16.7 million. Conversely, were cap rates to fall to a 4-cap, the same property would be worth \$25 million. From an income perspective, were cap rates to rise from a 5-cap to a 6-cap, the same property would need to have NOI increase from \$1 million to \$1.2 million to maintain the same \$20 million value.

Cap rates are outside the control of the General Partner. Cap rates may be influenced by many different factors including but not limited to credit markets, liquidity, competition with other investors, competition from other types of investments and perceptions of risk adjusted returns. An upward movement in cap rates would adversely impact the value of any given property or portfolio of properties, regardless of any positive changes in NOI. Increases in cap rates would adversely affect the performance of the Fund.

Adverse market and economic conditions will negatively affect our returns and profitability.

The Fund results are sensitive to changes in the market. The Fund investments may be affected by market and economic challenges, any of which may result from a general economic slowdown experienced by the nation as a whole or by the local economies where investments may be located. The performance of the Fund's investments is affected by market and economic conditions outside the control of the General Partner or the Adviser such as the level of employment, consumer confidence, consumer income, the availability of consumer and commercial financing, interest rate levels, and the costs associated with new construction, acquisitions of existing projects and developing land. General economic conditions may adversely impact the rent that the Fund receives. The length and severity of any economic downturn cannot be predicted. Fund operations could be negatively

affected to the extent that an economic downturn is prolonged or becomes more severe.

A local economic slowdown may increase competition for tenants among landlords or cause localized out-migration. Such factors could negatively impact rental rates. A liberal lending environment or a supply of inexpensive for-sale housing could reduce the pool of available renters, leading to increased competition among landlords and falling rents. Tighter credit may adversely affect property values and/or borrowing and refinancing costs.

Widespread new construction that outstrips absorption rates of rental units may lead to increased competition for new tenants and cause rental rates to fall. Falling construction costs—or falling prices for the acquisition of competitive properties generally—could translate into a change in perception of base market rates and create a downward trend in rental income. If market conditions locally or generally become unfavorable, the performance of the Fund may be adversely affected. The General Partner and the Adviser may make acquisition, disposition, financing and capital improvement decisions based on their perception, expectation, or judgment relating to market information and trends. The General Partner's investment strategy may be based on or influenced by this market information and trends. The General Partner may misinterpret this information, make poor judgments with the information at hand, or base its investment strategy and decision-making on incomplete or erroneous information. Should this occur, the performance of the Fund may be negatively impacted.

Additionally, the Fund may make investments that may not be advantageously disposed of prior to the date the Fund is required to be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner may extend the term of the Fund, the Fund may have to sell or otherwise dispose of investments at a disadvantageous time.

Force Majeure.

Clients' investments 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, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design or construction, accidents, demographic changes, government macroeconomic policies, social instability). Some force majeure events may adversely affect the ability of any such parties to perform their obligations until they are able to remedy the force majeure event. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on client investments. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally. The Adviser is not able to predict the extent, severity or duration of the effect of force majeure events or quantify the impact that these events may have on its clients or their investments.

Certain investments will face risks related to construction delays.

To the extent the Fund invests in the development of new multi-family real estate projects, it will be subject to numerous risks, many of which are beyond the Fund and Project Entity's control, including: governmental permits and approvals; adverse weather conditions, such as droughts, blizzards, floods, hail storms or wildfires, any of which could damage project or cause delays in completion of the project; shortages in labor or materials or poor planning and performance by project sponsor and third-party service providers or contractors, which could delay completion of projects and cause increases in the prices for labor or materials. Any delays or increases in the development costs would likely

increase the capital required with respect to such project and adversely affect the performance of the Fund.

The profitability of investments will be dependent on rental income at the investment level.

Rental income is a key input in the calculation of NOI. NOI, in turn, is a critical factor in determining the value of a property. Although the General Partner believes there are a number of market and economic factors that may result in a market-wide increase of rent levels, there can be no assurance that rents will increase, either generally or with respect to properties in which the Fund invests.

Adverse market or economic conditions, misinterpretation of market and/or economic data, or poor performance by either the property manager or the project sponsor could result in lower than expected or negative rent growth. Market conditions may affect occupancy and rent levels. Adverse market conditions may decrease the pool of potential renters or otherwise increase competition among apartment owners for residents. Such an environment may result in reduced rent levels and increased vacancy.

The Fund is dependent on the property manager and the project sponsor to achieve incremental rent growth through management expertise and capital improvements. However, there can be no assurance that either the property manager or the project sponsor will be successful in achieving rent growth. The property manager or project sponsor will be responsible for on-site leasing and marketing activity. Poor performance in any of these areas may result in lower than anticipated rent levels or higher than anticipated vacancy. Insufficient growth in rental income will adversely affect NOI. Any adverse impact on NOI will in turn negatively impact the value of any given investment and as a result, adversely affect the performance of the Fund.

The Adviser and its affiliates may be subject to conflicts of interest.

The Adviser, General Partner, and its other affiliates may engage in the same general real estate development and finance businesses as the Fund and may form new entities to engage in the real estate development and finance business in the future. Certain of the principals are also principals, directors, employees, officers and equity holders of other entities, and they may also in the future hold positions with, and interests in, other entities engaged in real estate-related activities. These multiple responsibilities may create conflicts of interest for these individuals if they are presented with opportunities that may benefit the Fund and their other affiliates. These individuals may be incentivized to allocate opportunities to other entities rather than to the Fund if they are more highly compensated based on investments made by other entities. In determining which opportunities to allocate to us and to their other affiliates, these individuals will consider the investment strategy, suitability, available capital and guidelines of each entity. Because we cannot predict the precise circumstances under which potential conflicts may arise, we intend to address potential conflicts on a case-by-case basis. There is a risk that the Principals will choose an investment for the Fund that provides lower returns to the Fund than a comparable investment made by the affiliates of the General Partner.

Fund will face risks relating to joint ventures or partnerships that are not present with other methods of investing.

The Fund will enter into joint ventures or partnerships with unaffiliated third parties for the acquisition, financing, development and construction of real estate projects. Such investments may involve risks not otherwise present with other methods of investment, including, for example, the

possibility that:

- Fund co-venturer or project sponsor in an investment might become bankrupt, in which case our investment might become subject to the rights of the co-venturer or Project Sponsor's creditors, and we may be forced to liquidate our investment before we otherwise would choose to do so;
- such co-venturer or Project Sponsor may at any time have economic or business interests or goals that are or that become inconsistent with our business interests or goals, which may cause us to disagree with our co-venturer or Project Sponsor as to the best course of action with respect to the investment and which disagreement may not be resolved to our satisfaction; however, in the case of limited partner investments, our written agreements with such co-venturer or Project Sponsor will grant to us certain approval rights with respect to major decisions related to the investment;
- such co-venturer or Project Sponsor may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives, which may cause us not to realize the return anticipated from our investment;
- it may be difficult for us to sell our investment in any such joint venture or partnership;
- where the Fund invests as a general partner in a Project Entity, it will typically be subject to rights of the limited partners in such Project Entity to approve certain major decisions, and the actions of the limited partners, over which the Fund has no control, may be in conflict with desires of the Project Sponsor and the Fund;
- where the Fund invests as a limited partner in a Project Entity, it will typically, but not always, be the controlling limited partner; in those investments in which the Fund is a minority limited partner and, in certain limited circumstances as the controlling LP, the Fund's control over an investment may be limited and consequently, the Fund may have limited ability to protect the value of the Fund's investment; or
- such co-venturer or Project Sponsor may have rights to initiate a buy-sell or other exit provision with respect to the property held in a Project Entity, which would affect the Fund's ability to control the timing of disposition of its investments.

Item 9: Disciplinary Information

Neither the Adviser, nor any of its managers, officers or principals have been involved in any investment-related criminal or civil actions in a domestic, foreign or military court.

Neither the Adviser, nor any of its managers, officers or principals have been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither the Adviser, nor any of its managers, officers or principals have been involved in any self-regulatory organization proceedings.

Item 10: Other Financial Industry Activities and Affiliations

Neither the Adviser nor its affiliates are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Adviser nor its affiliates are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

A.G. Hill Partners, LLC (“AGH”)

The Principals have a strategic relationship with AGH that has been developed over the years while Principals invested for the account of AGH. AGH is one of the anchor investors in the Fund and as such it has certain preferential rights with respect to the overall investment process of the Fund. The Adviser’s relationship is described in more detail in the applicable Fund Governing Documents. Affiliates of AGH share in the promotion and services company profits paid to the General Partners and their affiliates.

General Partners Line of Credit

The General Partners of the Funds may at times provide a line of credit to the Funds to be used to fund costs such as (a) assist in the payment of increased costs of project level debt service due to an increase in interest rates, (b) fund the purchase of interest rate caps (essentially an insurance policy on a floating interest rate), and (c) fund the payment of investment management fees if sufficient cash flow is not available from the Fund projects. The line of credit will have a specified term and bears interest in accordance with disclosures to the Funds’ limited partners. Although the credit line would be put in place as an accommodation to the Funds, it could create a potential for a conflict of interest between the Funds and the General Partners, but the firm mitigates this conflict by disclosing the line of credit and getting approval from the Funds limited partners advisory committee where required.

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

Pursuant to SEC Rule 204A-1, the Adviser has adopted and implemented a Code of Ethics (the “Code”), which sets forth standards of conduct that are expected of the Adviser supervised persons. A copy of the Code will be provided to any Client or prospective client upon request.

The Code requires the Adviser personnel to (among other things):

- Report their personal securities transactions and holdings;
- Pre-clear any proposed purchase of any initial public offering or limited offering; and
- Comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

The Adviser and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Adviser and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser. Accordingly, should the Adviser or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Adviser

would be prohibited from communicating such information to clients, and the Adviser will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Adviser personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

The Adviser maintains a restricted list that includes issuers and securities with respect to which supervised persons generally are not permitted to trade without the prior approval of the Chief Compliance Officer. The restricted list may include, for example, an issuer which the Adviser or one or more of its personnel may have acquired, or may otherwise be in possession of, material, non-public information.

The Adviser has also adopted policies and procedures relating to gifts and entertainment, political contributions and other potential material conflicts of interest.

The Adviser generally will allocate investment opportunities among its various clients on a fair and equitable basis, consistent with its fiduciary obligations and the governing documents for the relevant fund.

In addition to the foregoing, the Adviser or an affiliate thereof generally may, to the extent deemed appropriate, offer to any person the opportunity to invest in any transaction in which a Fund has made or will make an investment if the Adviser or its affiliate believes that the participation of such person or persons in such investment would be beneficial to the consummation or success of the investment; provided, however, that (i) no such investment may be offered to the Adviser, the general partner or any of their respective affiliates except as specifically authorized in the governing document of a Fund and (ii) such investment will be in the same securities and on substantially the same terms and conditions as the Fund's investment. Subject to the foregoing, the Adviser or its affiliate may allocate any such opportunity to invest among a Fund or Funds and such persons as the Adviser or its affiliate may, in its discretion, determine.

The Adviser and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles that may differ from advice given to, or securities recommended or bought for, the Funds or other clients, even though their investment objectives may be the same or similar. The Adviser and its affiliates may from time to time cause the Funds to enter into transactions and/or arrangements involving actual or potential conflicts of interest. The Adviser and its affiliates generally review any such transactions or arrangements involving material conflicts of interest and take such actions as they deem appropriate or necessary under the circumstances in an attempt to ensure that the overall terms of such transactions or arrangements are fair and equitable under the circumstances.

Item 12: Brokerage Practices

The Adviser's business generally involves privately negotiated transactions with the prospective sellers and prospective buyers. Accordingly, the Adviser generally does not use, select or otherwise recommend a broker-dealer or other counterparties in connection with the investment activities of the Funds.

Item 13: Review of Accounts

The Adviser generally monitors the financial and operating progress of the business of each portfolio investment on a current basis against plans and budgets, with more formal reviews as necessary. Such reviews will be conducted by one or more of the Adviser's officers. Funds are audited on a yearly basis by an independent public accountant of recognized national or regional standing.

Certain events may require an other-than periodic review. Such events include a transfer or withdrawal of an investor of the Fund or material change in the business of a portfolio investment.

Investors in the Funds generally receive quarterly and annual reports and annual audited financial statements. Each of the Funds' investors will receive annual audited financial statements (prepared in accordance with U.S. GAAP) and unaudited quarterly statements of the Funds. Investors in each Fund will receive tax information in connection with the preparation of their federal income tax returns. All reports to investors to the Funds are in writing. The Adviser may provide additional information to certain investors that is not distributed to other investors in a Fund.

Item 14: Client Referrals and Other Compensation

Neither the Adviser nor any of its affiliates generally receive any economic benefit from a non-client for providing investment advice or other services with respect to the Funds.

The Adviser has entered and may enter into agreements or arrangements with third party placement agents that solicit and refer prospective eligible investors in one or more of the Funds to the Adviser or an affiliate thereof. In consideration of such solicitation and referral services, such placement agents receive or may receive compensation from the Adviser or its affiliates consisting of, among other things, a percentage of the management fee and carried interest distributions payable or distributable with respect to investors referred by such placement agents. The Adviser and/or its affiliates may also pay fees to third parties for locating or sourcing potential investment opportunities and sharing information relating thereto with the Adviser. Investors will not be charged any higher or additional fees as a result of any such placement agent arrangements. In each instance, all arrangements and payments of placement agent fees will be disclosed to applicable investors.

Item 15: Custody

While it is the Adviser's practice not to accept or maintain physical possession of any client assets, the Adviser is deemed to have custody of each Fund's securities and cash for purposes of Rule 206(4)-2 of the Advisers Act.

In order to comply with Rule 206(4)-2, the Adviser utilizes the services of a bank and other qualified custodians (as defined under Rule 206(4)-2) to hold all cash and securities of the Funds (except with respect to privately offered securities). In accordance with Rule 206(4)-2, the Adviser also (1) has engaged an independent public auditor to conduct annual audits of the Funds, and (2) distributes audited financial statements of the Funds that are prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") to all investors in the Funds within at least 120 days after the end of the fiscal year. Qualified custodians are not expected to provide account statements directly to investors in the Funds.

Item 16: Investment Discretion

In accordance with the terms and conditions of the applicable Governing Documents, the Adviser generally has discretionary authority to manage each Fund's investments. Accordingly, the Adviser

has the authority to determine, without obtaining specific client consent but subject to the terms and conditions of the applicable Governing Documents, which portfolio investments to make and the duration of the holding period prior to exiting such investments. Despite this broad authority, the Adviser is committed to adhering to the applicable investment strategy and program set forth in each Fund's offering documents.

Item 17: Voting Client Securities

The Adviser invests in real estate joint ventures and as such, does not expect to be called upon to vote with respect to securities owned by the Fund.

Item 18: Financial Information

The Adviser does not require prepayment of Management Fees more than six months in advance.

Currently, the Adviser and its affiliates are not aware of any financial condition that is likely to impair the Adviser's ability to meet its contractual obligations and commitments to clients.

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