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**INVESTMENT      ADVISORY      DISCLOSURES      FORM      ADV      PART      2**  
**Item 1: Cover Page**

This brochure (“**Brochure**”) provides information about the qualifications and business practices of Titan Fund Management, LLC (the “**Filing Adviser**”), TFM II, LLC, a Delaware limited liability company (“**TFM II**” or “**Relying Adviser I**”), and TFM III, LLC, a Delaware limited liability company (“**TFM III**” or “**Relying Adviser II**”) (with TFM II and TFM III collectively referred to herein as the “**Relying Advisers**,” and together with the Filing Adviser, the “**Advisers**”). If you have any questions about the contents of this Brochure, please contact us at the email address above. 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.

The Filing Adviser is an investment adviser that is registered with the SEC. Registration of an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about the Filing Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the “Investment Adviser Search” link and then search for “Investment Adviser Firm” using the Filing Adviser’s IARD number, 290562.

## **Item 2: Material Changes**

This Brochure is dated March 15, 2024. The following are the material changes since the date of our last annual update and brochure revision, dated February 27, 2023:

- We updated Item 4 – Advisory Business to reflect a change in the asset value of the Funds.
- We updated Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss, to supplement our Senior Living section.

In addition to the material changes noted above, we routinely make changes throughout our Brochure to improve and clarify the descriptions of our business practices and compliance policies and procedures or in response to evolving industry and the Advisers' practices.

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#### **Item 4: Advisory Business**

The Advisers, whether themselves or through affiliates, have been in the business of real estate development and construction projects since 2017. The Advisers' rely upon a team of management and investment advisory personal that are shared between the Advisers' and certain related affiliates, and cross collaborate to provide investment advisory services. Beginning in 2017, the Filing Adviser arranged to manage real estate portfolio assets including certain assets that may be considered to be securities. The Advisers seek to use their collective expertise, partnerships with best-in-class operators, strong local relationships, and vertically-integrated structure to capitalize on their existing, diverse pipeline of full development projects as well as invest opportunistically in secondary and tertiary markets, defined roughly as below the top 10 largest markets.

The depth of real estate expertise within the management team of the Advisers and their strong strategic relationships in the target markets are intended to produce a strong project and investment pipeline. The team's significant experience in deal sourcing and structuring, construction, development, asset management, and optimal asset disposition creates an efficient, vertically-integrated structure that the Advisers believe are well-positioned to execute the Advisers' investment strategies.

The Advisers advise on only limited types of investments. Specifically, the Advisers advise primarily on real estate and real estate-related investments, and on short-term and cash management investments in securities or other short-term holdings intended primarily to preserve capital with respect to a portion of the portfolio.

The Advisers participate in no wrap fee programs.

#### ***The Filing Adviser***

The Filing Adviser's principal owners are Kevin Reid, Ben Spencer, and Kurt Browning. The Filing Adviser currently manages only one investment fund, Fund I, which has invested in real estate projects through purchases of real estate assets, including real estate securities and short-term securities; no offering of Fund I's securities is made by this Brochure. As of December 31, 2023, the approximate net asset value of Fund I is approximately \$ 11,214,265. The Filing Adviser was engaged to provide its services by Fund I's general partner, Titan Fund I GP, LLC, a Delaware limited liability company and an affiliate of the Filing Adviser ("GP I"). GP I operates under the Filing Adviser's SEC registration as if it were registered itself, and certain disclosures in this Brochure pertain to GP I. GP I's principal owners are Kevin Reid, Ben Spencer, and Kurt Browning. In addition, Kevin Reid, Ben Spencer, and Kurt Browning have officer roles with the Filing Adviser.

The Filing Adviser is responsible for all significant aspects of the Fund I's investment activities which have included: (i) selecting portfolio investments; (ii) structuring, negotiating, and executing Fund I's portfolio investments, and conducting activities relating to the acquisition, development, financing, leasing, and disposition thereof; and (iii) formulating and executing exit strategies for portfolio investments. The Filing Adviser, together with GP I, which oversees its services to Fund I, has (i) the full power and authority to act for, and on behalf of, Fund I, (ii) used its resources to identify real estate projects that present attractive opportunities for investment by

Fund I, (iii) made investment decisions on behalf of Fund I, and (iv) been responsible for negotiating the terms of each portfolio investment. The Filing Adviser is also responsible for the day-to-day management of Fund I's business and affairs.

For Fund I, the Filing Adviser has tailored its advice to Fund I and not to the investors in Fund I. Fund I is subject to certain investment restrictions as described in the Fund I offering documents, as amended from time to time pursuant to the Filing Adviser's proposal and negotiation of certain additional investment restrictions.

### ***Relying Adviser I***

Relying Adviser I's principal owners are Kevin Reid, Ben Spencer, and Kurt Browning. Relying Adviser I currently manages only one investment fund, Fund II, which has invested in real estate projects through purchases of real estate assets, including real estate securities and short-term securities; no offering of Fund II's securities is made by this Brochure. As of December 31, 2023, the approximate net asset value of Fund II is \$95,000,000. Relying Adviser I was engaged to provide its services by Fund II's general partner, Titan Fund II GP, LLC, a Delaware limited liability company and an affiliate of Relying Adviser I ("GP II"). Relying Adviser I and GP II operate under the Filing Adviser's SEC registration as if they were registered, and certain disclosures in this Brochure pertain to Relying Adviser I and GP II. GP II's principal owners are Kevin Reid, Ben Spencer, Kurt Browning. Kevin Reid, Ben Spencer, and Kurt Browning have officer roles with Relying Adviser I.

Relying Adviser I is responsible for all significant aspects of Fund II's investment activities which have included: (i) selecting portfolio investments; (ii) structuring, negotiating, and executing Fund II's portfolio investments, and conducting activities relating to the acquisition, development, financing, leasing, and disposition thereof; and (iii) formulating and executing exit strategies for portfolio investments. Relying Adviser I, together with GP II, which oversees its services to Fund II, has (i) the full power and authority to act for, and on behalf of, Fund II, (ii) used its resources to identify real estate projects that present attractive opportunities for investment by Fund II, (iii) made investment decisions on behalf of Fund II, and (iv) been responsible for negotiating the terms of each portfolio investment. Relying Adviser I is also responsible for the day-to-day management of Fund II's business and affairs.

For Fund II, Relying Adviser I has tailored its advice to Fund II and not to the investors in Fund II. Fund II is subject to certain investment restrictions as described in the Fund II offering documents, as amended from time to time pursuant to Relying Adviser I's proposal and negotiation of certain additional investment restrictions.

### ***Relying Adviser II***

Relying Adviser II's principal owners are Kevin Reid, Ben Spencer, and Kurt Browning. Relying Adviser II currently manages only one investment fund, Fund III, which invests in real estate projects through purchases of real estate assets, including real estate securities and short-term securities; no offering of Fund III's securities is made by this Brochure. As of December 31, 2022, the approximate net asset value of Fund III is 122,312,500. Relying Adviser II was engaged to provide its services by Fund III's general partner, Titan Fund III GP, LLC, a Delaware limited liability company and an affiliate of Relying

Adviser II (“**GP III**,” together with GP I and GP II, the “**GPs**”). Relying Adviser II and GP III operate under the Filing Adviser’s SEC registration as if they were registered, and certain disclosures in this Brochure pertain to Relying Adviser II and GP III. GP III’s principal owners are Kevin Reid, Ben Spencer, Kurt Browning. Kevin Reid, Ben Spencer, and Kurt Browning have officer roles with Relying Adviser II.

Relying Adviser II is responsible for all significant aspects of Fund III’s investment activities which will include: (i) selecting portfolio investments; (ii) structuring, negotiating, and executing Fund III’s portfolio investments, and conducting activities relating to the acquisition, development, financing, leasing, and disposition thereof; and (iii) formulating and executing exit strategies for portfolio investments. Relying Adviser II, together with GP III, which oversees its services to Fund III, will (i) have the full power and authority to act for, and on behalf of, Fund III, (ii) use its resources to identify real estate projects that present attractive opportunities for investment by Fund III, (iii) make investment decisions on behalf of Fund III, and (iv) be responsible for negotiating the terms of each portfolio investment. Relying Adviser II is also responsible for the day-to-day management of Fund III’s business and affairs.

For Fund III, Relying Adviser II tailors its advice to Fund III and not to the investors in Fund III. Fund III is subject to certain investment restrictions as described in the Fund III offering documents, as amended from time to time pursuant to Relying Adviser II’s proposal and negotiation of certain additional investment restrictions.

As of December 31, 2023, the firm has \$ 228,526,765 in discretionary assets under management.

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

The Advisers charge management fees and either they or their respective affiliates accept Carried Interests that are based on the performance of the respective Funds they manage. Please note that the following description of the fees and compensation of the Advisers is only a general description, does not reflect all complexities or calculations, and must not be relied upon in calculating the compensation of either the GPs or the Advisers. The specific terms of such compensation are definitively set out in the Funds' respective transaction documents.

### ***The Filing Adviser***

#### **Management Fee**

GP I generally receives an annual management fee (the “**Fund I Management Fee**”) collected monthly in arrears. Initially, the Fund I Management Fee was equal to 2.00% per year of capital commitments until the end of the commitment period (that is, the multi-year period during which GP I's focus was on finding projects and investments and calling investors' capital in order to make investments). After such period, the Fund I Management Fee changed to an annual rate of 0.60% of unreturned capital contributions (that is, generally, amounts that have remained invested in projects and other investments). As of August 2021, all investor capital has been returned and GP I is no longer receiving Fund I Management Fees. GP I has assigned the Fund I Management Fee to the Filing Adviser.

#### **Carried Interest**

In addition to the Fund I Management Fee, GP I accepts a carried interest, which is based on the performance of Fund I (the “**GP I Carried Interest**”). In managing Fund I, the Filing Adviser may have a conflict of interest arising from its incentive to cause Fund I to make unnecessarily risky investments in order to generate a larger GP I Carried Interest. The Filing Adviser has sought to mitigate this conflict of interest by: (i) adopting investment processes and personnel oversight that emphasize long-term investor relationships rather than short-term accrual of the GP I Carried Interest; and (ii) by implementing a clawback of the GP I Carried Interest, which provides GP I a disincentive to take unnecessary risks because it may be responsible for returning certain amounts if Fund I has losses. The GP I Carried Interest generally involves the following:

##### ***Preferred Return***

Fund I's limited partners earn a “preferred return” on their funded but unreturned capital (generally, amounts that remain invested by Fund I) equal to 8.00% per annum, exclusive of unreturned capital used to pay for Fund I expenses, beginning at the time such funds are contributed by investors.

##### ***GP I Carried Interest***

Following the payment to Fund I investors of the preferred return and the return of the amount of their capital contributions, GP I receives a 20.00% carried/promoted interest until such time that each of the Fund I investors have received a 12.00% per annum return on their unreturned capital contributions and then GP I receives a 50.00% carried/promoted interest.

GP I or the Filing Adviser calculates and causes the payment by Fund I of the Fund I Management Fee and the allocation or distribution of the GP I Carried Interest.

### ***Relying Adviser I***

#### **Management Fee**

GP II generally receives an annual management fee (the “**Fund II Management Fee**”) collected monthly in arrears. Initially, the Fund II Management Fee was equal to 1.75% per year of capital commitments until the end of the commitment period (that is, the multi-year period during which GP II’s focus was on finding projects and investments and calling investors’ capital in order to make investments). After such period, the Fund II Management Fee changed to an annual rate of 1.75% of unreturned capital contributions (that is, generally, amounts that have remained invested in projects and other investments). GP II has assigned the Fund II Management Fee to Relying Adviser I.

#### **Carried Interest**

In addition to the Fund II Management Fee, GP II accepts a carried interest, which is based on the performance of Fund II (the “**GP II Carried Interest**”). In managing Fund II, Relying Adviser I may have a conflict of interest arising from its incentive to cause Fund II to make unnecessarily risky investments in order to generate a larger GP II Carried Interest. Relying Adviser I has sought to mitigate this conflict of interest by: (i) adopting investment processes and personnel oversight that emphasize long-term investor relationships rather than short-term accrual of the GP II Carried Interest; and (ii) by implementing a clawback of the GP II Carried Interest, which provides GP II a disincentive to take unnecessary risks because it may be responsible for returning certain amounts if Fund II has losses. The GP II Carried Interest generally involves the following:

#### *Preferred Return*

Fund II’s limited partners earn a “preferred return” on their funded but unreturned capital (generally, amounts that remain invested by Fund II) equal to 8.00% per annum, exclusive of unreturned capital used to pay for Fund II expenses, beginning at the time such funds are contributed by investors.

#### *GP II Carried Interest*

Following the payment to Fund II investors of the preferred return and the return of the amount of their capital contributions, GP II receives a 20.00% carried/promoted interest until such time that each of the Fund II investors have received a 12.00% per annum return on their unreturned capital contributions and then GP II receives a 50.00% carried/promoted interest.

GP II or Relying Adviser I calculates and causes the payment by Fund II of the Fund II Management Fee and the allocation or distribution of the GP II Carried Interest.

### ***Relying Adviser II***

#### **Management Fee**



GP III will generally receive an annual management fee (the “**Fund III Management Fee**,” and together with the Fund I Management Fee and Fund II Management Fee, the “**Management Fees**”) collected monthly in arrears. Initially, the Fund III Management Fee will be equal to 1.75% per year of capital commitments until the end of the commitment period (that is, the multi-year period during which GP III’s focus is on finding projects and investments and calling investors’ capital in order to make investments). After such period, the Fund III Management Fee generally changes to an annual rate of 1.75% of unreturned capital contributions (that is, generally, amounts that remain invested in projects and other investments). GP III has agreed to assign the Fund III Management Fee to Relying Adviser II.

### **Carried Interest**

In addition to the Fund III Management Fee, GP III accepts a carried interest, which is based on the performance of Fund III (the “**GP III Carried Interest**,” and together with the GP I Carried Interest and GP II Carried Interest, the “**Carried Interests**”). In managing Fund III, Relying Adviser II may have a conflict of interest arising from its incentive to cause Fund III to make unnecessarily risky investments in order to generate a larger GP III Carried Interest. Relying Adviser II seeks to mitigate this conflict of interest by: (i) adopting investment processes and personnel oversight that emphasize long-term investor relationships rather than short-term accrual of the GP III Carried Interest; and (ii) by implementing a clawback of the GP III Carried Interest, which provides GP III a disincentive to take unnecessary risks because it may be responsible for returning certain amounts if Fund III has losses. The GP III Carried Interest generally involves the following:

#### *Preferred Return*

Fund III’s limited partners earn a “preferred return” on their funded but unreturned capital (generally, amounts that remain invested by Fund II) equal to 8.00% per annum, exclusive of unreturned capital used to pay for Fund III expenses, beginning at the time such funds are contributed by investors.

#### *GP III Carried Interest*

Following the payment to Fund III investors of the preferred return and the return of the amount of their capital contributions, GP III will receive a 20.00% carried/promoted interest until such time that each of the Fund III investors have received a 12.00% per annum return on their unreturned capital contributions and then GP III will receive a 50.00% carried/promoted interest.

GP III or Relying Adviser II calculates and causes the payment by Fund III of the Fund III Management Fee and the allocation or distribution of the GP III Carried Interest.

### ***Other Expenses***

The Funds will incur various other expenses, as disclosed in the offering materials relating to each Fund. For example, the Funds will incur brokerage costs, including real estate brokerage and other real estate transaction costs, as well as transaction costs in connection with short-term securities

and other securities transactions. See “Item 12: Brokerage Practices” in this Brochure for more information.

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

As discussed in “Item 5: Fees and Compensation” above: GP I accepts the GP I Carried Interest, which is based on the performance of Fund I; GP II accepts the GP II Carried Interest, which is based on the performance of Fund II; and GP III accepts the GP III Carried Interest, which is based on the performance of Fund III. From time to time, the Advisers may agree with other clients to other carried interest or performance-based compensation arrangements.

In addition, the GPs or Advisers may, from time to time, manage funds or accounts that are not subject to a carried interest. Thus, in that case, a GP or an Adviser would have an incentive to favor the funds or accounts that provide for a carried interest or other performance-based compensation, due to the potentially greater financial gains to such GP or Adviser from such arrangements. The GPs and Advisers will seek to mitigate this potential conflict of interest by adopting policies that support the equitable allocation of investment opportunities among similar accounts.

In addition, because the GPs and the Advisers are under the common control of the same individuals identified in “Item 4: Advisory Business” above (the “**Control Persons**”), the GPs and the Advisers may become aware of investment opportunities that have been, or could be, suitable to Fund I, Fund II, or Fund III. In this instance, the Control Persons may have an incentive to favor one Fund over another, due to the potentially greater financial gains to the Control Persons based on the Management Fees or Carried Interests payable to the GPs and Advisers at such time. Generally, the GPs and the Advisers intend to adopt policies to ensure the equitable allocation of investment opportunities among similar accounts. In order to fully mitigate the conflict as described above, GP I ended Fund I’s investment period 10 months early to avoid conflicts of interest with regards to making investments and asset allocation. Thus, the initial closing of Fund II coincided with the closing of Fund I’s investment period, so that at no time were both Fund I and Fund II actively investing. Similarly, GP II has endeavored to end Fund II’s investment period as of April 30, 2022 prior to the launch of Fund III to avoid conflicts of interest with regards to making investments and asset allocation. Thus, the initial closing of Fund III occurred simultaneously with the closing of Fund II’s investment period ending to avoid conflicts, as is reasonably practicable, so as to avoid a scenario where both Fund II and Fund III are actively investing.

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

The Filing Adviser currently offers investment advisory services only to Fund I. Fund I is a private investment pool that is not registered as an investment company with the SEC and invests primarily in real estate-related assets. Fund I investors are required to review various offering materials, sign subscription documentation, and take other required steps. No offering of Fund I's securities is made by this Brochure. The Filing Adviser may, but does not undertake to, offer other funds or investment advisory services in the future.

Relying Adviser I currently offers investment advisory services only to Fund II. Fund II is a private investment pool that is not registered as an investment company with the SEC and invests primarily in real estate-related assets. Fund II investors are required to review various offering materials, sign subscription documentation, and take other required steps. No offering of Fund II's securities is made by this Brochure. Relying Adviser I may, but does not undertake to, offer other funds or investment advisory services in the future.

Relying Adviser II currently offers investment advisory services only to Fund III. Fund III is a private investment pool that is not registered as an investment company with the SEC and intends to invest primarily in real estate-related assets. Fund III investors will be required to review various offering materials, sign subscription documentation, and take other required steps. No offering of Fund III's securities is made by this Brochure. Relying Adviser II may, but does not undertake to, offer other funds or investment advisory services in the future.

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

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

Each Adviser seeks to use its expertise, partnerships with best-in-class operators, strong local relationships, and vertically-integrated structure to capitalize on its existing, diverse pipeline of full development projects as well as to invest opportunistically in secondary and tertiary markets, defined roughly as below the top 10 largest markets.

The Advisers will focus partially on projects to be developed by their affiliates, including Titan Development Ltd., among others. The Advisers will also focus on other sources that meet their respective investment criteria, as well as on value-added acquisition of existing projects that offer immediate or near-term cash flow, additional, incremental cash flow potential, combined with development, or near development-level, overall returns. Each Adviser has already sourced and identified the majority of currently foreseen projects for investment as a result of its relationship with Titan Development.

However, for those projects that are not yet identified, the Advisers will employ both bottom-up and top-down deal sourcing methods. Primary bottom-up sources will include Titan Development and its affiliates and operating partners. Secondary bottom-up sources will include bankers, institutional and private investors, brokers, municipal officials, and various other strategic relationships. The Advisers will also use both a comprehensive, top-down approach to source deals through analysis of macroeconomic trends and a thoughtful approach to individual markets including demographic, penetration, and competitive analyses of the geographic markets and industry sectors.

### ***Geographic Focus***

Investments may be focused in the secondary and tertiary markets in which the Advisers are located and already have experience through their development and construction activity and the conduct of their affiliates. Fund I's investments have been focused primarily in Arizona, Colorado, Florida, New Mexico, South Carolina, and Texas, Fund II's investments have been focused primarily in New Mexico, Texas, Florida, Colorado, and California, and Fund III's investments have been focused primarily in New Mexico, Texas, and Colorado. The Advisers may consider other markets as strong opportunities arise. The Advisers will focus on emerging opportunities where they expect an investment could realize greater value, rather than in primary markets in which the Advisers believe there to generally be increased competition and higher risk of inflation and oversupply. In the Advisers' view, secondary and tertiary markets are typically less volatile in downturns and have a lower cost of living, strong growth potential, and lower entry costs than the larger markets.

### ***Targeted Portfolio Composition***

Investments that the Filing Adviser has targeted for Fund I primarily include full development of multifamily, industrial, senior living, and self-storage projects. Investments that Relying Adviser I has targeted for Fund II primarily include full development of multi-family and industrial projects. Investments that Relying Adviser II has targeted for Fund III primarily include full development of multi-family and industrial projects. Various other opportunistic investments will also be contemplated as strong opportunities arise. The Advisers' affiliates have developed a trackrecord of identifying and capitalizing on opportunistic investments such as value-add acquisitions, distressed

assets, portfolio acquisitions, build-to-suit opportunities, joint ventures, and increased activity on legacy land holdings.

### **Multi-Family**

The Advisers have positioned themselves in strategic secondary and tertiary markets to deliver new multi-family communities. Currently, pipeline markets are experiencing significant shortages for multi-family housing and have limited competition from other developers. The projects in the pipeline for multi-family are planned to be managed by some firms that the Advisers consider to be best-in-class operators. Fund I has sold all three of its multi-family projects, Fund II has six total multifamily projects with four projects under construction, and two projects fully open and leasing, and Fund III has four projects under construction.

### **Industrial**

With respect to the Funds, the Advisers may focus on certain under-served markets to seek to capitalize on the growing needs of the surrounding populations and minimal competition in those specific markets. The increasing population growth in the Texas, New Mexico, and Florida markets has been driving industrial building demand for manufacturing, warehouse, and distribution from the growing e-commerce manufacturing, pharmaceuticals, and other industrial demands in those areas. Fund I has sold all five projects, Fund II has sold all six projects, and Fund III has sold three projects, leasing two projects, and is under construction with two projects, of which one is scheduled to be sold upon completion. Fund III is working on two additional developments to begin within the next 12 months.

### **Senior Living**

The Filing Adviser has targeted senior living projects for Fund I. As the senior population is anticipated to have growing needs over the next 25 years, the Filing Adviser has sought to identify markets with sound overall fundamentals and quantitative demand for the senior housing product within a market area. The Filing Adviser has focused on secondary and tertiary markets that may have been overlooked by larger senior housing developers and has utilized “prototype” community designs, intended to shorten the design/development time frame and provide more certainty around the cost and construction schedule. In seeking to maximize value, the operations have been managed by operators who have extensive experience and success in senior housing. Fund I currently has three senior living projects open and leasing, and two equity investments in senior living assets. Fund I is issuing a going concern for the Fund due to the impairment of a senior living project within the Fund. Alongside the Fund’s third-party auditor as prepared in accordance with US generally accepted account principle (GAAP), the Adviser has concluded issuing a statement of going concern specific to Fund I and only Fund I is necessary for issuance of the audited financial statements as of December 31, 2023. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, substantial doubt about Fund I’s ability to continue as a going concern exists due to the impairment of senior living assets held within the Fund.

Additionally, the Fund was served a complaint filed in US District Court of the Northern District of Oklahoma, for an alleged breach of the Guaranty Agreement between the Bank and the Fund for failure to pay the indebtedness. The Fund has retained counsel and is working through the complaint.

### **Self-Storage**

The Filing Adviser's self-storage focus for Fund I has sought to capitalize on this long-time fast-growing commercial real estate segment by seeking quality sites in markets lacking competition. Targeted areas have also had a strong demand and a strong economic base and favorable rents. In seeking to maximize the investment of self-storage, facilities have been managed by experienced operators. Fund I has sold all six of its self-storage projects.

### *Opportunistic*

The Advisers' personnel have experience in mixed-use development and may seek to capitalize on relationships created through "live, work, play" synergistic developments among real estate opportunities. Office and retail developments may be targeted as components of mixed-use, entertainment, and destination centers anchored by strong tenants and catalytic developments. Other opportunistic projects may include acquisitions of quality real estate with development needs or operational expertise to increase value and return.

The Advisers also may advise the Funds with respect to other categories of investments, which may depend on opportunities, client investment parameters, and other factors.

The Advisers currently seek to maximize risk-adjusted returns through geographically diverse investment portfolios. The Filing Adviser has focused on multi-family, industrial, senior living, and self-storage asset types for Fund I, while Relying Adviser I and Relying Adviser II have focused and will focus, respectively, on the multi-family, industrial, and potentially, self-storage asset types for Fund II and Fund III. The Advisers have and will also focus on various other opportunistic investments for the Funds. The Advisers may adopt other investment objectives or engage in other investment strategies depending on circumstances and arrangements with other clients, Fund I investors, Fund II investors, and Fund III investors.

When seeking investment opportunities, the Advisers may target projects and properties with strong fundamentals in metropolitan statistical areas with attractive net market demand dynamics and economic and demographic drivers to achieve superior investment returns.

In the view of the Advisers, strong fundamentals within a target market may include:

- Positive economic growth potential;
- An unemployment rate below the national average;
- Increasing median/average home values;
- Availability of economic development incentives; and
- Development-friendly communities.

The Advisers' investment process includes deal sourcing (finding investments) and seeking to develop an investment pipeline (projects that the Advisers anticipate will become available for investment over time).

Although other means may be used, the Advisers expect that many investments they advise on will be owned by limited liability companies or limited partnerships. The Funds or other clients will be a member or limited partner in such portfolio project entities. Each Adviser will negotiate as to the terms of its clients' holdings, including economic terms relative to other investors in the portfolio project entity.

The Advisers may adopt other investment strategies for their respective funds and accounts.

## ***Certain Risk Factors***

Any investment in securities, real estate assets, or other assets is subject to risk of loss that clients should be prepared to bear. The following risks are necessarily a summary and do not purport to disclose all possible risks arising from each Adviser's investment advice. In addition to the risks described in this section, the structure and other aspects of the Funds involve additional risks. Each Fund's offering materials contain risk disclosures specific to such Fund.

### **Risks Relating to Investments in Real Estate**

#### ***Risks Related to General Market Conditions***

Real estate development is an uncertain business involving significant risks, including that the value of the investment may increase or decrease based on various factors. These factors include risks associated with adverse changes in or to: (i) national market conditions (which can result from political, regulatory, economic or other factors); (ii) interest rates; (iii) competition for purchasers and tenants; (iv) the cyclical nature of property markets; (v) local market conditions; (vi) the financial conditions of tenants, buyers, and sellers of properties; (vii) the availability of debt financing; (viii) real estate tax rates and other operating expenses; (ix) environmental laws and regulations; (x) zoning laws and other governmental rules and fiscal policies; (xi) environmental claims arising with respect to real estate acquired with undisclosed or unknown environmental problems; (xii) energy prices; (xiii) changes in the relative popularity of property types and locations; (xiv) cash flow; and (xv) availability of certain construction materials. In addition, there are also significant risks associated with real estate development activities from acts of God, uninsurable losses, and other factors that are beyond the control of the real estate developer.

#### ***Risks Related to Liquidity***

Investments in real estate and real estate securities may be illiquid, and the Advisers may not be able to adjust an investment portfolio in response to changes in economic and other conditions. The ability to dispose of or otherwise realize on such investments on satisfactory terms is subject to industry cycles, downturns in demand, market disruptions, and the lack of available capital for potential purchasers. There is a significant risk that each Adviser will be unable to realize its investment objectives through the sale or other disposition of portfolio investments at attractive prices within any given period of time or that such Adviser will otherwise be unable to successfully implement exit strategies for portfolio investments. These risks could increase due to changes in: (i) financial conditions or prospects of a project in which an investment is made; (ii) economic conditions; or (iii) laws, regulations, or fiscal policies of jurisdictions in which investments are made.

If an Adviser invests client assets in certain real estate securities, which such Adviser may purchase in connection with privately negotiated transactions, the offer and sale of such securities will not be registered under relevant securities laws, resulting in a prohibition against their transfer, sale, pledge, or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise registered in accordance with those laws. As a result, an Adviser's ability to vary its long-term stabilized portfolio in response to changes in economic and other conditions may be relatively limited.



In addition, the mezzanine and bridge loans that an Adviser may cause clients to purchase will be particularly illiquid investments due to their short life. Moreover, in the event of a borrower's default on an illiquid real estate security, the unsuitability for securitization and potential lack of recovery of the investment could pose serious risks of loss to the investment portfolio.

#### *Risks Related to Leveraged Capital Structures*

Some of the real estate projects in which the Advisers invest may utilize a leveraged capital structure. This structure means that a third party would be entitled to cash flow generated by such investment prior to Funds receiving a return. Although such leverage presents opportunities for increasing total returns, this use of leverage also involves a high degree of financial risk and has the potential of increasing exposure of investments to adverse economic factors such as rising interest rates, moderate or severe economic downturns, fluctuations in market conditions, deterioration in the assets underlying such investments or deterioration in the condition of a real estate investment or its market. In the event that a real estate project is unable to generate sufficient cash flow to meet principal and interest payments on such project's indebtedness, the value of the investment in such real estate projects could be significantly reduced or even eliminated.

#### *Risks Related to Real Estate Funds*

Real Estate funds face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

#### *Risks Relating to Environmental Matters*

Real estate investments involve environmental risks. As is the case with any holder of real estate investments, the Advisers' investment program could face substantial risk of loss from environmental claims based on environmental problems associated with project underlying such real estate investments.

#### *Risks Relating to Terrorist Activity*

Terrorist attacks and other acts of violence or war may affect the markets in which the Advisers invest and have a material adverse effect on investment returns. Certain losses resulting from these types of events are uninsurable or not insurable at reasonable costs. More generally, any terrorist attack, widespread violent rioting, or other act of violence or war, including armed conflicts, could result in increased volatility in or damage to, the United States and worldwide financial markets and economies, all of which could adversely affect the projects in which the

Advisers invest.

## **Risks Relating to Specific Real Estate Sectors**

### *Risks Relating to the Multi-Family Sector<sup>1</sup>*

Construction prices are fluctuating. With construction labor in shortage nationwide, prices have been increasing. However, with construction of multifamily units at its peak, prices may stabilize or decrease.

Construction has commenced for the all projects in each Fund, and the construction may take longer or cost more than anticipated. Although construction contracts will specify completion dates and fix a “maximum” price, such price is subject to increases for change orders. Any delay or cost increase could negatively impact the value of the project. Fund I has sold all three of its multi-family assets. Fund II has six multi-family assets, which have signed and fixed “maximum” construction contracts, four of which are all under construction as of March 21, 2024, and two of which are fully open and leasing. Fund III has four multi-family assets, which have signed and fixed “maximum” construction contracts, which are all under construction as of March 13, 2024.

Fund II has received all required permits for its six multi-family projects currently under construction. Fund III has received all required permits for four multifamily projects.

There is no guaranty that tenants in sufficient number will lease apartments in our multi-family projects at rents and on terms and conditions that are favorable or acceptable to us.

Increased volatility in capitalization rates may limit the pool of investors who will invest in multi-family buildings of the contemplated size and value that the Advisers target, limiting the competition for purchase of the projects and negatively impacting a project’s financial results.

Numerous apartment and other residential rental properties exist in the markets in which the Advisers focus, which could negatively impact performance.

In addition to targeting markets that have experienced increased job growth and economic expansion, the Advisers may invest in multi-family projects located in untested markets. Investing in multi-family projects in these types of markets is risky because the Advisers do not know how such markets will respond to these projects, and a negative response could adversely affect a project’s financial outcome.

With respect to the Funds, one of the identified multi-family pipeline projects primarily exists in land holdings owned by the Advisers’ affiliates. Each Adviser has a conflict of interest with respect to investing in such project. Each Adviser may be required to seek certain client consents to make such investments, which may cause inefficiencies if there are delays in obtaining such consents. The Filing Adviser, Relying Adviser I, or Relying Adviser II may

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<sup>1</sup> Risk factors related to multi-family sector investments apply to all Advisers and all Funds.

seek the consent of an advisory committee on behalf of Fund I, Fund II, or Fund III, respectively, in which case an individual Fund I, Fund II, or Fund III investor may not be provided the opportunity to consider providing such consent.

### *Risks Relating to the Industrial Sector<sup>2</sup>*

There is a nationwide shortage for construction labor, causing construction prices to increase. Construction contracts have not yet been signed for all of the Advisers' industrial projects, so the costs of construction could be higher than anticipated for some industrial projects. A majority of the identified potential industrial projects are in areas with significant construction activity and significant competition for subcontractors, thus increasing some pricing. Cost increases above *pro forma* and budget projections may decrease returns.

With respect to the Funds, the identified industrial pipeline projects primarily exist in land holdings owned by the Advisers' affiliates. Each Adviser has a conflict of interest with respect to investing in such projects. Each Adviser may be required to seek certain client consents to make such investments, which may cause inefficiencies if there are delays in obtaining such consents. The Filing Adviser, Relying Adviser I, or Relying Adviser II may seek the consent of an advisory committee on behalf of Fund I, Fund II, or Fund III, respectively, in which case an individual Fund I, Fund II, or Fund III investor may not be provided the opportunity to consider providing such consent. In the event that demand for industrial properties decreases in these areas, an Adviser may lose certain competitive advantages if it builds in parks owned by third parties.

Several of the contemplated industrial pipeline projects in which the Funds will invest will be developed as speculative projects with either no or less than all of the project building leased or sold prior to the commencement of construction. If leasing takes longer than contemplated, it may negatively affect project returns. Similarly, there is no guaranty that the actual rental rates and terms will match those that are projected for such project.

Fund III has sold three industrial developments as of March 13, 2023, has two projects open and leasing, and started construction on two other developments, while many of the projects identified in the Fund III pipeline are under various levels of design, applications for building permits have not yet been submitted. Delays or additional municipal requirements could negatively impact the building permit submittal process for Fund III's projects. Fund I has sold all five of its industrial projects. Fund II has sold all seven projects. Fund III has one project scheduled to be sold upon completion and is planning to start one or two additional projects in the next 12 months.

Construction has commenced and or is ongoing for two projects in Fund III, and construction may take longer or cost more than anticipated. Although construction contracts will specify completion dates and fix a "maximum" price, such price is subject to increases for change orders. Any delay or cost increase could negatively affect the value of the project. Fund I has sold all five of its industrial projects. Fund II has sold all seven projects, all of which have received the appropriate building permits.

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<sup>2</sup> Risk factors related to industrial sector investments apply to all Advisers and all Funds.

While supervised and monitored by each Adviser or its affiliates, as developer or development manager, compliance with the project timeline and cost of completion for each industrial project will depend to a large degree on the general contractor. These industrial projects are subject to the risk that the general contractor's financial strength and operational capabilities may be insufficient. Although each Adviser will reasonably verify that the developer for each project will take reasonable measures to protect against default by the general contractor, a default could materially and adversely affect the business, financial condition, results of operation, and prospects of the projects.

Increased volatility in capitalization rates may limit the pool of investors who will invest in industrial buildings of the contemplated size and value that the Advisers target, limiting the competition for purchase of the projects and negatively impacting a project's financial results.

There are other industrial buildings under construction in the markets that the Advisers target. The rent rates and terms offered by competitive developers may affect pricing and returns for the Advisers' industrial projects in these markets.

### *Risks Relating to the Self-Storage Sector<sup>3</sup>*

Fund I has sold all six of its self-storage projects.

In the event that Fund III invests in self-storage projects, the cost of completion for each project will depend significantly on the general contractor for such project. While Relying Adviser II or its affiliates will supervise and monitor the project as developer or development manager, the projects are subject to the risk that the general contractor's financial strength and operational capabilities may not be sufficient. Although Relying Adviser II will reasonably verify that the developer for each project will take reasonable measures to protect against default by the general contractor, a default could materially and adversely affect the business, financial condition, results of operation, and prospects of the projects.

If Fund III explores self-storage projects, Relying Adviser II cannot assure Fund III investors that tenants in sufficient number will lease storage units at rents and on terms and conditions that are favorable or acceptable.

Increased volatility in capitalization rates may limit the pool of investors who will invest in self-storage projects of the contemplated size and value that Relying Adviser II may target, limiting the competition for purchase of the projects and negatively impacting a project's financial results.

Relying Adviser II may target self-storage projects in regions: (i) where capitalization rates are untested; (ii) there is not a material amount of recently-sold storage facilities; and (iii) that national commercial real estate data companies do not monitor frequently, all of which increase the risk that capitalization rates can fluctuate more than those at a national level.

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<sup>3</sup> Risk factors related to self-storage sector investments apply to all Advisers and all Funds.

Other existing and proposed self-storage facilities exist in the markets in which Relying Adviser II may invest. The existence of existing and proposed alternatives could negatively impact investment performance.

#### *Risks Relating to the Senior Living Sector<sup>4</sup>*

There is no guaranty that residents in sufficient number and will enter into residency contracts with senior living facilities at rents and on terms and conditions that are favorable or acceptable, which may negatively impact the senior living projects in which Fund I has invested.

The unit composition for each facility (independent living, assisted living, memory care) is based on studies of market demand; however, there is no guaranty that the demand for each unit type will match the unit composition of the project facility.

Additional facilities, not existing or known of at the commencement of one of Fund I's senior living projects may be constructed in the same market areas during the lease-up period of such project. Such competition may affect demand and pricing, thus having a negative effect on Fund I's project returns.

The net operating income, and thus returns from a project, heavily rely on the third-party operator's ability to successfully market, and operate the project facility and its ability to closely regulate project operating expenses.

Capitalization rates are volatile due to increasing interest rates, changes in investment strategies of healthcare real estate investment trusts ("REITs") and other institutional investors. Demand for performing senior projects, overall and in specific markets, is significantly affected by the investment strategies of healthcare REITs and other institutional investors.

Other competing senior living properties exist in the markets in which the Filing Adviser focuses, which could negatively impact the Filing Adviser's performance. Additionally, as primary markets become saturated with senior facilities, other developers may move to the secondary and tertiary markets the Filing Adviser targets. The increased competition could negatively impact rental amounts and vacancy rates and thus the Filing Adviser's project returns.

Although the Filing Adviser has focused this part of its investment program on senior portfolio projects that are self-pay, changes in Medicare, private insurance, and healthcare laws and regulations may have a negative impact on the demand or rates at projects.

### **Risks Relating to the Advisers' Investment Program**

#### *Risks Relating to Disposition of Portfolio Investments*

The investment programs' exit strategies are subject to market uncertainties, and market conditions relating to the future disposition of portfolio investments could cause an Adviser to

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<sup>4</sup> Risks related to senior living sector investments apply to only the Filing Adviser and Fund I.

divest portfolio investments at a loss in the future. Because of the uncertainty of market conditions that may affect the future disposition of portfolio investments, the Advisers cannot assure their respective clients that they will be able to generate returns from the sale of portfolio investments in the future. The feasibility and terms of any proposed exit strategy for investments will depend on factors that are not within the control of the Advisers, including fluctuations in market conditions, the status of capital markets, and the effect of applicable legislation and political and economic conditions. The precise timing of the disposition of an investment and the manner of disposition are impossible to predict, and the Advisers cannot provide an assurance that they will achieve a certain disposition on favorable terms. Furthermore, delays in the acquisition, development, construction, and divestiture of projects may adversely affect investment returns.

#### *Risks Related to Specialized Investment Projects*

Some projects in which the Advisers invest are specialized facilities. If a project entity or a project's tenants terminate the leases for these properties or the tenants lose their regulatory authority to operate such properties, such project entity may not be able to locate suitable replacement tenants to lease the properties for such project's specialized uses. Alternatively, a project entity may be required to spend substantial amounts to adapt properties to other uses. Any loss of revenues or additional capital expenditures required due to the specialized nature of a project may have a material adverse effect on investment returns.

#### *Risks Related to Occupancy of Projects*

Some or all projects may incur vacancies either by default of tenants under their leases or the expiration or termination of tenant leases prior to disposition. Continued vacancies could reduce revenue and resale value, decrease cash available for distribution, or create a diminished return on investment.

#### *Risks Related to Third-Party Operators*

Third parties will operate certain projects that the Advisers select for investment. An operator's failure to perform in accordance with its contract could negatively affect the performance of a project. There may be a limited number of suitable operators for certain projects and a project entity may experience significant delays in replacing an operator. Any loss of revenues or additional capital expenditures required as a result of the involvement of third-party operators may have a material adverse effect on investment returns.

#### *Risks Related to Uninsured Losses*

Investment portfolio assets may incur uninsured losses. Entities will attempt to maintain insurance coverage against liability to third parties and for property damage that is customary for similarly-situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as terrorism, pandemics, earthquakes, or floods, may be unavailable, available in amounts that are less than the full market value or replacement cost of the applicable investment or underlying assets, or subject to a large deductible. In addition, there can be no assurance particular risks that are currently insurable will continue to be insurable on an economically feasible basis.

### *Risks Related to the Availability of Suitable Investment Opportunities*

Suitable investment opportunities may not be available. The success of each Fund as a whole will depend on the availability and identification of investment opportunities suitable for such Fund. The availability of high-quality real estate projects that the Advisers seek may be largely dependent upon the continued economic growth and development of the markets and cities in which these projects are located. The business of identifying and structuring such high-quality real estate development projects involves a high degree of uncertainty. There is no assurance that the Advisers will be able to identify and complete suitable investment opportunities that satisfy their respective investment objectives.

Moreover, the Advisers face substantial competition in identifying and acquiring interests in real estate projects from existing and new real estate investors with similar investment objectives. The Advisers also compete for investment opportunities with local investors, insurance companies, public and private pension funds, other institutional investors, other real estate investment funds, and large tenants seeking to own their own buildings. Many of these entities may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. In addition, the number of entities and the amount of funds competing for suitable investments may increase in the future.

### *Risks Related to Financial and Industry Markets*

From time to time, domestic and international financial markets experience significant dislocations. These dislocations may severely impact the availability of credit and have contributed to rising costs associated with obtaining credit. If debt financing is not available to potential purchasers of projects, an Adviser's ability to dispose of a portfolio investment may be negatively impacted, causing a material adverse effect on investment returns.

In addition to volatility in the credit markets, the real estate market is subject to fluctuation and can be impacted by factors such as general economic conditions, supply and demand, availability of financing and interest rates. To the extent that the Advisers invest in real estate in an unstable market, such investment is subject to the risk that the value of such investment may not appreciate or may decrease significantly below the amount of the investment. Such lack of appreciation or decrease in value may result from a reduced number of companies seeking to acquire properties similar to the project or a failure of such real estate market to attract the same level of capital investment in the future, among other causes.

### *Risks Related to Governmental Intervention*

The pervasive and fundamental disruptions that the global financial markets are currently undergoing have led to extensive and unprecedented governmental intervention. Although government intervention is intended to stimulate the flow of capital and to undergird the U.S. economy in the short term, it is impossible to predict the actual effect of the government intervention and what effect, if any, additional interim or permanent governmental intervention may have on the financial markets or the effect of such intervention on the Advisers' investment program. In addition, there is a high likelihood that regulation of the financial markets will be significantly increased in the future, which could have a material impact on the financial results



of the Advisers' investment program causing an investor to experience a significant loss of its investment.

## Item 9: Disciplinary Information

On September 9, 2022, the Filing Adviser and Relying Adviser I submitted an Offer of Settlement (the “**Offer**”) with respect to an order instituting administrative and cease-and-desist proceedings, pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, making findings, and imposing remedial sanctions and a cease-and-desist order, Administrative Proceeding File No. 3-21049 (the “**Order**”), which was accepted by the U.S. Securities and Exchange Commission (the “**Commission**”). The Order concerned the Filing Adviser’s violations of the federal securities laws in connection with the financial statement audits of private funds that the Filing Adviser advised. The Filing Adviser failed to timely distribute annual audited financial statements prepared in accordance with Generally Accepted Accounting Principles (“**GAAP**”) to investors in certain private funds that it advised for the years of 2017 and 2018. Further, the Relying Adviser I failed to timely distribute annual audited financial statements prepared in accordance with Generally Accepted Accounting Principles (“**GAAP**”) to investors in certain private funds that it advised for the year of 2020. In addition, the Filing Adviser did not promptly update its Forms ADV as new events regarding those audits occurred. These failures resulted in violations of Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder, commonly referred to as the “custody rule,” and Section 204(a) and Rule 204-1(a) thereunder, which required the Filing Adviser to update certain information about the Filing Adviser’s private fund audits in its Forms ADV.

The Filing Adviser and Relying Adviser I submitted the Offer, which the Commission agreed to accept. In the Order, the Commission noted that in determining to accept the Offer, the Commission required that the Filing Adviser and Relying Adviser I: (1) cease and desist from committing or causing any violations and any future violations of Sections 204(a) and 206(4) of the Advisers Act and Rules 204-1(a) and 206(4)-2 thereunder; (2) be censured; and (3) required the payment of a civil monetary penalty in the amount of \$95,000.

On September 12, 2022, the Filing Adviser and Relying Adviser I submitted payment of the \$95,000 monetary penalty and have subsequently endeavored to take all other relevant corrective action in accordance with the terms of the Offer and as set forth in the Order.

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

The Advisers have material relationships with affiliates in the real estate development and construction industries. The Advisers intend to place their respective clients in certain investments in existing land holdings owned by the Advisers' affiliates or in which the Advisers' affiliates otherwise have an interest. The Advisers have a conflict of interest with respect to investing in such projects. An Adviser may be required to seek certain client consents to make such investments, which may cause inefficiencies if there are delays in obtaining such consents. An Adviser may seek the consent of an advisory committee on behalf of the applicable Fund it advises, in which case an individual Fund investor may not be provided the opportunity to consider providing such consent. If an Adviser determines not to invest in connection with such affiliated arrangements, an Adviser may lose certain competitive advantages if it builds in land holdings owned by third parties.

Personnel or affiliates of the Advisers may receive compensation or a carried interest for providing services to projects as operating partners. Each Adviser has a conflict of interest in determining to invest in such a project and to allow for such participation by such personnel or affiliates. Each Adviser seeks to address this conflict of interest through: (i) making appropriate disclosures; (ii) obtaining consents when appropriate; (iii) determining the rationale for such conduct, including that such project is (a) of an appropriately high quality, (b) at an appropriate pricing in light of alternatives available in the markets, and (c) reflects appropriate due diligence into the capabilities and reliability of such personnel or affiliates; and (iv) overseeing the quality of services.

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

The Advisers are subject to a fiduciary duty to act in the best interests of their clients. Consistent with that fiduciary duty and governmental regulations, each Adviser has adopted a separate code of ethics (collectively, the “**Ethics Codes**”) that applies to each Adviser’s respective personnel. Importantly, while each Adviser has adopted a separate Ethics Code, the substantive terms of each Ethics Code are identical, and the Ethics Codes are administered by the same chief compliance officer as though the Advisers are part of a single entity in accordance with Rule 204A-1 promulgated under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

Each Adviser’s Ethics Code describes the high standard of business conduct with respect to the applicable Adviser’s clients. Each Adviser has a fiduciary duty to act in the best interests of its clients. This core principle underlies each of the Ethics Codes and provides the foundation for each Adviser’s dealings with its clients. Each Adviser’s Ethics Code (i) address internal reporting, recordkeeping, and other obligations regarding personal securities transactions, and (ii) require that any violations of the Ethics Code and any outside complaints be escalated, addressed promptly, and appropriately, and recorded in the applicable Adviser’s books and records. In the event that a conflict of interest is perceived to exist in connection with personal investments made by personnel, the applicable Adviser will seek to eliminate or mitigate that conflict of interest, such as by prohibiting or monitoring trading that is identified as potentially representing a conflict of interest.

Each Adviser will provide a copy of its Ethics Code to any client or prospective client upon written request.

## **Item 12: Brokerage Practices**

Clients are subject to various transaction-related commissions, fees, and expenses in connection with investments. Securities brokerage is not expected to be a significant expense given the nature of the Advisers' real estate investment program. Real estate brokerage, however, may arise more commonly. In connection with real estate brokerage, or when an Adviser engages securities brokers, such Adviser will consider various factors including, but not limited to, the following, although such Adviser does not undertake to assess all factors in every case:

- The nature of the asset, including industry-standard commissions or other costs, the size or complexity of the deal, and whether specialized experience is preferable;
- Whether there is a single broker for the asset or multiple possible brokers to consider and choose from among;
- Such Adviser's negotiating posture relative to the overall transaction, including the leverage to negotiate brokerage rates and the overall economics of the deal;
- Such Adviser's experience with, and expectations as to, the compensation recipient's reputation, integrity, resources, capabilities, reliability, promptness, responsiveness, confidentiality, and other attributes relevant to successfully closing the transaction; and
- Whether an affiliate of such Adviser will receive such compensation, in which case the applicable Adviser will consider how to address the potential conflict of interest and determine whether the arrangement is in the best interests of its client.

Each Adviser may consider its past relationships with real estate brokers, including their role in connection with the applicable Adviser's pipeline of projects. The Advisers consider such relationships to be beneficial to their clients. In general, each Adviser believes that its interests are generally aligned with those of its clients when transacting with a broker with which the Adviser has a favorable, ongoing business relationship.

None of the Advisers (i) currently aggregates transactions among clients, (ii) engages in directed brokerage or select brokers based on client referrals, nor (iii) receives "soft dollars" or other economic benefits from any brokerage arrangement.

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

The Advisers review their respective investment programs on an ongoing basis, and generally conduct organized quarterly and annual meetings of their respective executives and other relevant personnel to review investment performance, project developments, client matters, and other matters relevant to the investment program. Significant market events, portfolio developments, developments with operating partners, or matters otherwise requiring the review of the applicable Adviser may trigger other formal meetings of the Advisers. Additional informal meetings are held among investment staff frequently.

During the life of Fund I, investors have received: (i) on a quarterly basis, an unaudited balance sheet, statement of income and other financial reports for the applicable fiscal quarter; and (ii) on an annual basis, a report of Fund I's activities and a copy of audited financial statements for the applicable fiscal year. Fund I investors have also received tax reporting information.

During the life of Fund II, investors have received: (i) on a quarterly basis, an unaudited balance sheet, statement of income and other financial reports for the applicable fiscal quarter; and (ii) on an annual basis, a report of Fund II's activities and a copy of audited financial statements for the applicable fiscal year. Fund II investors have also received tax reporting information.

During the life of Fund III, investors will receive: (i) on a quarterly basis, an unaudited balance sheet, statement of income and other financial reports for the applicable fiscal quarter; and (ii) on an annual basis, a report of Fund III's activities and a copy of audited financial statements for the applicable fiscal year. Fund III investors will also receive tax reporting information.

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

The Advisers do not receive or pay compensation for making client referrals.

## **Item 15: Custody**

### ***The Filing Adviser***

GP I and the Filing Adviser are deemed to have custody of Fund I's assets. Such custody is subject to the custody rule of the Advisers Act, pursuant to which the Filing Adviser will cause the annual delivery of audited financials to investors in Fund I or will otherwise comply with the custody rule for its clients.

GP II and Relying Adviser I, and GP III and Relying Adviser II, do/will not hold, directly or indirectly, Fund I's assets, nor do they have any authority to obtain possession of such assets.

### ***Relying Adviser I***

GP II and Relying Adviser I are deemed to have custody of the Fund II's assets. Such custody is subject to the custody rule of the Advisers Act, pursuant to which Relying Adviser I will cause the annual delivery of audited financials to investors in Fund II or will otherwise comply with the custody rule for its clients.

GP I and the Filing Adviser, and GP III and Relying Adviser II, do/will not hold, directly or indirectly, Fund II's assets, nor do they have any authority to obtain possession of such assets.

### ***Relying Adviser II***

GP III and Relying Adviser II are deemed to have custody of the Fund III's assets. Such custody is subject to the custody rule of the Advisers Act, pursuant to which Relying Adviser II will cause the annual delivery of audited financials to investors in Fund III or will otherwise comply with the custody rule for its clients.

GP I and the Filing Adviser, and GP II and Relying Adviser I, do/will do not hold, directly or indirectly, Fund III's assets, nor do they have any authority to obtain possession of such assets.



**Item 16: Investment Discretion**

Each Adviser accepts investment discretion from its respective clients, meaning that each Adviser makes and implements investment decisions on its clients' behalf. This discretion is primarily embodied in the Advisers' management of the Funds' respective investment programs. This authority is granted pursuant to the Funds' respective limited partnership agreements or an investment management agreement. Any limitations on the Advisers' authority are contained in the applicable limited partnership agreement or investment management agreement, and the Advisers' management is subject to such investment restrictions as are disclosed in the Funds' offering materials or may be in another form for other clients.

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

From time to time, clients will be entitled to participate in a vote or consent on matters relating to investments. Votes or consents could be provided for on various matters, such as major changes in an operating arrangement and other matters. Pursuant to Fund I's limited partnership agreement, GP I has authority to vote Fund I's securities in its discretion consistent with its view of Fund I's interests, and Fund I may request information on past votes from GP I. Pursuant to Fund II's limited partnership agreement, GP II has authority to vote Fund II's securities in its discretion consistent with its view of Fund II's interests, and Fund II may request information on past votes from GP II. Pursuant to Fund III's limited partnership agreement, GP III has authority to vote Fund III's securities in its discretion consistent with its view of Fund III's interests, and Fund III may request information on past votes from GP III. GP I is an affiliate of the Filing Adviser, GP II is an affiliate of Relying Adviser I, and GP III is an affiliate of Relying Adviser II. In the event of a conflict of interest or for any other reason, such votes or consents may be put to the Funds' respective advisory committees, which may effectively vote or consent on behalf of the Funds. A client may obtain our procedures on voting client securities, and information about how GP I, GP II, or GP III have voted on matters, upon request.

**Item 18: Financial Information**

The Advisers are aware of no financial condition that is reasonably likely to impair their respective abilities to meet contractual commitments to clients.