

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**



**Xebec Asset Management, LLC  
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**Effective Date: March 28, 2024**

**This Investment Adviser Brochure (this “Brochure”) provides information about the qualifications and business practices of Xebec Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (469) 687-3184 or [investorrelations@xebecrealty.com](mailto:investorrelations@xebecrealty.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

Additional information regarding Xebec Asset Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 MATERIAL CHANGES**

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This Brochure serves as an annual update to the previous Brochure for Xebec Asset Management, LLC. The last annual update to this Brochure was dated as of March 31, 2023. This Brochure reflects updated regulatory assets under management and contains certain routine updating changes, including with respect to certain disclosures.

In connection with the periodic update of this Brochure, the Adviser (as defined below in Item 4 “*Advisory Business*”) routinely make changes in an effort to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and firm practices.

**We encourage all recipients to read this Brochure carefully in its entirety.**

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## **ITEM 4      ADVISORY BUSINESS**

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This Brochure contains a summary of information relevant to the subject headings as stated herein, and no disclosure or other statement contained herein serves as a substitute or shall supersede any of the terms and conditions as outlined in each Fund's offering materials and governing documents. To the extent any of the statements herein conflict with a Fund's offering materials and governing documents, such materials and documents shall govern, and investors in such Fund will be bound by the terms, conditions, risks, and other relevant information contained therein.

### **ADVISORY FIRM DESCRIPTION, PRINCIPAL OWNER AND OVERVIEW**

Xebec Asset Management, LLC ("Xebec Asset Management", "XAM", "we", "us" or "our") provides investment management and advisory services to affiliated private pooled investment vehicles, with respect to investments in real estate and real estate related assets and interests. Xebec Asset Management commenced operations in June 2017, and registered as an investment Adviser with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act") in January 2020.

XAM evolved from Xebec Realty, which through its predecessor entities was co-founded by Mr. Randall R. Kendrick, its Chief Executive Officer, in 1996. Xebec Holdings, LLC ("XH"), of which XAM and its relying advisers<sup>1</sup> are wholly owned subsidiaries (each a "Xebec Adviser", and collectively the "Xebec Advisers"), is principally owned and controlled by Mr. Kendrick, along with XAM's relying adviser, SLR Manager, LLC ("SLR Adviser", and collectively with the Xebec Advisers, the "Advisers" or each in such capacity an "Adviser"). All of the Xebec Advisers' funds are sponsored by Xebec Holdings ("Xebec Sponsor"), and the SLR Adviser fund is sponsored by Sand Lakes Ranch SAV, LLC ("SLR", or the "SLR Sponsor", and collectively with the Xebec Sponsor the "Sponsors", and each in such capacity a "Sponsor"), and the Advisers do not manage any other funds.

We provide investment advisory services to various private limited partnerships or limited liability companies (each a "Fund" or a "Client" and, collectively, the "Funds" or "Clients")<sup>2</sup> focused on real estate investments.<sup>3</sup> Interests in the Funds are privately offered only to eligible investors pursuant to exemptions under the Securities Act of 1933, as amended, and the regulations promulgated thereunder. The Funds are not registered with the SEC as investment companies based on specific exclusions from the definition of investment company under the Investment Company Act of 1940, as amended. The Advisers generally use controlled, affiliated

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<sup>1</sup> The Xebec relying advisers are currently Xebec Logistics Trust GP, LLC, Xebec RAE, LLC, and Xebec UPM, LLC.

<sup>2</sup> References in this Brochure to a "Fund" or the "Funds" are not to any specific Fund, but include any of the Funds advised by the Advisers, except as expressly stated or the context otherwise requires. Certain references to a "Fund" may include a joint venture through which the Fund makes certain investments, as applicable.

<sup>3</sup> "Fund" or "Client" means any fund for which an Adviser provides investment advice and/or makes investments or investment recommendations on a discretionary or nondiscretionary basis. The investors and other persons who invest in the Funds are generally referred to herein as "investors." Unless otherwise expressly stated herein, the terms "Fund" and "Client" do not refer to "investors."

entities to serve as the general partner or managing member of their Funds and their related entities.

## TYPES OF ADVISORY SERVICES

Our investment advisory services to the Funds include or have included sourcing, evaluating, negotiating, overseeing, managing and disposing of investments in real estate and real estate-related assets and interests. Our investment advisory services are tailored in accordance with each Fund's specific investment strategy, objectives, guidelines, limitations and restrictions as set forth in the applicable Fund's governing documents, offering documents, private placement memorandum and/or investment management agreement (collectively, the "Governing Documents"). The Funds include private open- and closed-ended funds, typically investing directly, or indirectly through joint ventures with joint venture partners (which may be institutional third-party joint venture partners and/or other Funds) in portfolios of real estate assets and pooled venture vehicles,<sup>4</sup> as well as single-asset Funds. The types of funds we manage, include, but are not limited to:

*Multi-Asset Funds.* The portfolio of a multi-asset Fund typically is comprised of (i) pools of stabilized "core" assets (cash-flowing industrial real estate assets with credit quality tenants on long-term leases) and "core plus" assets (similar assets with an opportunity to increase net operating income) ("Stabilized Assets"), (ii) ground up development, redevelopment or renovation projects ("Development Assets"), or (iii) a combination of both Stabilized Assets and Development Assets, in all cases either directly or indirectly through one or more joint ventures.<sup>5</sup>

*Single-Asset Funds.* A single-asset Fund is typically close-ended and invested in a single pre-identified Development Asset, generally either directly or indirectly through a joint venture.

*Sponsor Co-investment Funds.* A sponsor co-investment Fund is typically close-ended and the portfolio is comprised of investments in Development Assets through one or more single-asset development entities, indirectly through a joint venture *pari passu* with the contributed capital invested by the Sponsor, which in turn is invested by the Sponsor in a joint venture with an institutional joint venture partner or another Fund.<sup>6</sup> In addition, Sponsors may offer investments in which investors co-invest ("Co-investors") with a Fund through another affiliated entity ("Co-invest Vehicle") or otherwise.

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<sup>4</sup> The portfolios of pooled venture vehicles typically are comprised of (i) investments in Development Assets through two or more single-asset development entities, either directly or indirectly through one or more joint ventures or (ii) pools of Stabilized Assets, either directly or indirectly through one or more joint ventures.

<sup>5</sup> A multi-asset fund is considered a "blind-pool" or "semi-blind" if it has not identified all of its existing assets at the time investors' capital is committed to the Fund, and will typically provide the Adviser with complete discretion over the composition of the properties in the Fund's portfolio within the overall stated investment strategy of the Fund, which in the case of an open-ended Fund could result in a complete turn-over in the composition of the portfolio during the life of the Fund.

<sup>6</sup> Sponsor Co-investment Funds typically provide, together with the Sponsor, no more than 10% of the capital required for the joint venture, with the institutional joint venture partner providing 90% or more of the required capital.

As of the date of this Brochure, our Funds include: 15191 Sylmar QOF, LLC, 3344 Medford XC Opportunity Fund, LLC, Logistix Hub Coinvestment Holdings, LLC, London Groveport XO Co-Investment Fund, LLC, Pecan XC Opportunity Fund, LLC, Sandow Lakes Ranch Fund I, LLC, Xebec Logistics Trust, LP, and Xebec Opportunity Fund I, LLC.

## **TAILORING TO INDIVIDUAL CLIENT NEEDS**

We tailor our advisory services to the individual needs of a particular Fund, as necessary. Each Fund has a set of specific guidelines that may limit the strategy, size, concentration, geography, type of security and/or terms of the Fund's underlying investments as described in each Fund's Governing Documents. Investment advice is provided directly to each Fund itself and not to the individual investors in the Funds. Although we do not provide tailored investment advice to the individual investors in the Funds, the Fund's General Partner or Managing Manager and/or the Funds may enter into side letters or other agreements with certain investors in the Funds that have the effect of establishing rights under, or altering, modifying, waiving or supplementing the terms of, the Governing Documents of such Funds in respect of such applicable investors. Among other things, these side letter agreements entitle or may entitle an investor in a Fund to lower fees or preferential economic terms, expanded or additional information or transparency rights, most favored nations status, excuse rights with respect to certain investments, notification rights, rights or terms necessary or advisable in light of particular legal, regulatory or public policy considerations of or related to an investor and/or other preferential rights and terms. To the extent required by applicable law or otherwise agreed by a Fund and the Advisers the material terms of certain side letters may be disclosed to certain investors on a redacted basis without disclosing such terms to all investors. Investors generally will not otherwise receive disclosure of side letter agreements.

## **REGULATORY ASSETS UNDER MANAGEMENT**

As of December 31, 2023, the Advisers managed client assets of approximately \$426,874,783 on a discretionary basis. The Advisers do not currently manage any client assets on a non-discretionary basis.

## ***ITEM 5* FEES AND COMPENSATION**

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The description below of our fees and compensation is intended to provide a brief summary of the more typical fee structures shared by the Funds and is not intended to depict every scenario where such structures may differ or may be entered into in the future. Please refer to a Fund's Governing Documents for specific details regarding all fees and expenses, and how they are charged, calculated and governed. Generally, the fee structures are based on the type of Fund, such as whether the Fund is multi-asset or single-asset, open-ended or closed-ended, a pooled venture vehicle, a Sponsor Co-investment Fund or a Co-invest Vehicle. Certain Fund Governing Documents permit us to reduce fees applicable to an underlying investor in the Fund at the discretion of the Adviser or its affiliates, which we have done and expect to do in the future.

## **MANAGEMENT FEES**

Investors in open-ended Funds typically pay a recurring annual management fee based upon the net asset value of the Fund, and calculated to each individual investor tiered based on the amount of an investor's assets under management (ranging from .75% to 1.50%), with lower management fees being borne by investors with greater assets under management in the Fund. Fees are generally paid in advance each quarter.

Investors in certain longer-term (e.g. 3 years or longer) closed-ended Funds are typically charged a recurring annual management fee generally based upon a percentage, typically up to 2% of an investor's committed or contributed capital, which does not correspond with fluctuations in the Fund's net asset value. Therefore, management fees generally will not be reduced (in whole or in part) in the event of partial distributions, partial sales or write downs of investments.

Depending on the Fund, management fees may be charged quarterly in advance (typically for open-ended funds ) or in arrears until the earlier of the date the investor withdraws or redeems from the Fund, as applicable, or the date the Fund is terminated. Installments of the management fee payable or reimbursable, as applicable, for any period other than a full quarter generally are prorated according to the actual number of days an investor's capital was invested during the applicable period.

Subject to a Fund's Governing Documents, management fees generally will or may be funded with capital contributions called from investors or other investor payments, through withholdings from distributions or refinancings, and/or other adjustment of an investor's interest in the Fund, each as consistent with each Fund's Governing Documents. With respect to the Funds, capital contributed by investors to pay the management fee will not be credited against or reduce their unfunded commitments and such amounts generally will be in addition to the capital commitment of investors. Governing Documents may also provide that a Fund's borrowings may be taken into account for purposes of calculating the management fee. Generally, as permitted under the applicable Governing Documents, an Adviser may reduce or waive the management fee with respect to an investor, in its sole discretion.

## **PERFORMANCE-BASED FEES**

In general, investors in Funds that are managed by the Advisers are charged a performance-based incentive fee, participation or allocation (each a "Performance-Based Fee"), typically depending on whether the Fund is open-ended or closed-ended.

*Open-Ended Funds.* In addition to quarterly asset management fees, investors in open-ended Funds are typically charged an incentive fee or equity allocation based on the annualized total gross return on investor equity, determined over a specified investment period, in excess of a stated minimum gross total return, or "hurdle rate." At the option of the Adviser, the incentive fee may be paid in cash, or may be paid as a performance-based incentive allocation of equity in the applicable Fund. As permitted under the applicable Governing Documents, the

Adviser may reduce or waive the Performance-Based Fee with respect to an investor, in its sole discretion.

*Closed-Ended Funds.* In general, closed-ended Funds are typically structured to provide the Adviser with a participation in cash available for distribution, also referred to as a “Profits Interest” or a “Promote,” after the return of invested capital and a specified preferred rate of return on invested capital (“Cash Available for Distribution”). The percentage of the Profits Interest or the Promote will vary depending on the type of assets in the Fund. Generally, Funds targeting opportunistic returns typically will be structured to provide the Adviser a Profits Interest or Promote of up to 40% of Cash Available for Distribution, while Funds targeting value-added returns typically will be structured to provide the Adviser a Profits Interest or Promote of up to 20% of Cash Available for Distribution.

## **OTHER FEES AND EXPENSES**

In addition to the fees and compensation described above, the Sponsors and their affiliates, including us, will or may receive other types of fees, payments and compensation with respect to or in connection with the advisory and other services provided to Funds pursuant to and in accordance with the terms and conditions set forth in the applicable Governing Documents. In addition, each of our respective personnel and affiliates can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from our activities on behalf of the Funds that will not be subject to any management fee or other fee offset or otherwise shared with the Funds and/or their investors. For example, airline travel or hotel stays incurred as Fund expenses typically result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to us and/or such personnel and affiliates (and not the Funds and/or investors) even though the cost of the underlying service is borne by the Funds.

*Affiliate Service Provider Fees.* In general, each Fund’s operating strategy is to use or otherwise engage in transactions with one or more of a Sponsor’s affiliates, pursuant to which an affiliate provides transaction services with respect to such investment, and such Fund or applicable affiliate thereof pays to such affiliate service provider (each an “Affiliate Service Provider”). Such service fees for the Xebec Adviser managed Funds include:

- Property acquisition fees equal to 1.0% of the acquisition cost for each property acquired directly or indirectly by the Fund;
- Development management fees equal to 5.0% of the budgeted hard and soft development costs of the project (excluding the cost of acquiring the project, taxes, imposts or similar fees, leasing commissions, and any financing costs or cost of funds);
- Financing coordination fees of 1.0% of the aggregate principal amount financed (including financing availability for any facility that provides for undrawn availability and any refinancings);



- Equity coordination fees of 2.0% of the aggregate amount of equity capital raised in connection with funding a project;
- Property management fees at market rates as determined by the Adviser, typically 2.0% to 5.0% of annual gross revenue per property, if internally managed in whole or in part by Xebec or its related persons;
- Project disposition fees of 1.0% of total consideration for any property dispositions, including any property owned by a Fund, and, if set forth in the applicable Fund's Governing Document, sale of the underlying Fund, or other monetization event, and any liquidation of the Fund or its assets;
- Guaranty fees of 1.0% of the aggregate principal amount of the obligations (including the debt of the Partnership or any entity or property owned by the Partnership) guaranteed by Xebec or any of its affiliates;
- General contractor's fee of generally 5.0% of the aggregate construction cost of the project; and
- Construction consulting services fee (if not engaged for general contractor services) generally ranging from \$50,000 to \$150,000 per project.

The services and fees for the Fund managed by the SLR Adviser include:

- The Fund's pro-rata share of a development management fee of \$1.5 million per year, payable quarterly, paid to the Sponsor for its role in overseeing the master planning and development of the property, not to exceed \$7.5 million in the aggregate, commencing November 1, 2021.
- The Fund's pro-rata share of an acquisition fee of 0.5% estimated at \$1.25 million paid to Xebec Holdings upon the closing of the property acquisition in October 2021.
- A one-time administrative fee of \$500,000 paid to Xebec Holdings to cover formation and offering costs and expenses.
- Asset management fee on invested capital of up to 2.0% per annum, payable quarterly in arrears.

The terms of any fee arrangements may provide for annual or other periodic fees, fees tied to the value or cost of any asset, acceleration of such fees (including for early termination of such fee arrangements), or such other terms as we deem appropriate in our sole discretion. Fees earned by Affiliate Service Providers generally will not offset or reduce our management fee, any Performance-Based Fees, or any distributions to the Sponsor in respect of its interests in the particular Fund, including its Profits Interest or Promote, or other Performance Based Fee.

In addition to the above listed services and fees, fees and other compensation for services may be (i) at market rate that the Adviser believes, in its sole discretion, to be within the range of general fair market rates from non-affiliate third parties providing similar services, or (ii) for assets held by an underlying joint venture, at the rate that the third-party venture partner approves. However, in circumstances in which an Adviser commits or has committed to seek

“market” or “arms-length” rates or terms, the Advisers undertake no minimum amount of benchmarking and do not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. We will deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” In addition, where such rates or terms include hourly components, the Advisers reserve the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. There can be no assurance under such arrangements that the amount of compensation paid in a particular year or other applicable period will be proportional to the amount of hours worked or the amount or written work product generated. See also the further discussion below under the captions “*Conflicting Activities of the Sponsors Generally*”, “*Transactions with Affiliate Counterparties*”, and “*Affiliate Service Providers*” in this **Item 5**.

## **SPONSOR AND PERSONNEL - CONFLICTS**

*Conflicting Activities of the Sponsors Generally.* Investors should be aware that there will be situations where the Advisers, other investment vehicles, funds, or accounts currently or in the future managed or sponsored by the Sponsors or any of their respective affiliates (collectively, including each Fund where the context requires, the “Sponsored Ventures”) expect to encounter potential conflicts of interest in connection with a Fund’s investment activities. The Sponsors are each engaged in a broad spectrum of real estate activities. In the ordinary course of their business, each Sponsor intends to conduct activities in which their interests or the interests of a Sponsored Venture may conflict with one or more Funds. As discussed above, other Sponsored Ventures routinely utilize Xebec’s services, for which Xebec or affiliates thereof receive, directly or indirectly, fees and reimbursed expenses that are not shared with any Fund or its investors.

A Sponsor may make investment decisions for their own account or for the account of any one or more of their Sponsored Ventures, as applicable, that differ from those made for one or more of the Funds. Decisions made for each Sponsored Venture are made consistent with the applicable Sponsor’s duties to that entity (whether as an Adviser or otherwise) which may differ from or conflict with their duties to one or more of the Funds. The Sponsors may also conduct other activities outside of one or more Funds where their own interests may conflict with those of the Fund(s). Accordingly, in certain instances the resolution of a conflict may result in the applicable Sponsor acting on behalf of itself, or another Sponsored Venture, in a manner that is ultimately not in the best interests, or is opposed to the interests, of one or more of the Funds. These conflicts may arise, for example, where a Sponsor or a Sponsored Venture holds an interest in the same property, entity or other investment in which another Fund also holds an interest, whether such interests are held in the same or different classes of interests, or where an investment opportunity that could be pursued by a particular Fund is instead pursued by a Sponsored Venture. These conflicts may also arise by virtue of the fact that, within Funds, investors will typically hold non-controlling interests, with no management rights, while the Sponsors typically each hold, directly and indirectly, interests coupled with management and/or control rights, sometimes along with non-controlling interests. As a result of a Sponsor’s duties to other Sponsored Ventures, or by virtue of other activities that it pursues, the Adviser may avoid making certain investments or investment decisions, or taking certain other actions on

behalf of a Fund that would potentially give rise to conflicts with the interests of such Sponsor or other Sponsored Ventures. This could have the effect of limiting the investment opportunities that would have otherwise been potentially available to a Fund absent such conflicts of interest. Alternatively, the Adviser might seek to resolve the conflict by adopting a particular strategy for a Fund or making different investment and other decisions which could result in a different investment outcome than might have been the case in the absence of the conflict. Separately, a Sponsor may enter into transactions directly with other Sponsored Ventures, including simultaneously seeking to purchase (or sell) properties or other investments for one Fund and to sell (or purchase) the same property or other investment for other Sponsored Ventures or selling properties or other investments from another Sponsored Venture to another Fund. Conflicts of interest generally will be resolved by the Sponsors, as applicable, in their sole discretion, except in circumstances where conflicts of interest that arise from the Sponsors' activities have not been disclosed to an investor or is required under the Fund's Governing Document or by law, the approval of a third party, committee or representative is obtained.

*Conflicting Activities of Sponsor Personnel; Allocation of Time.* The Advisers will devote such time as each deems necessary to conduct the business affairs of a Fund in an appropriate manner. However, each Sponsor's personnel will also work on other Sponsored Ventures' investments in the normal course of the respective Sponsor's businesses (e.g., Xebec Building Company, Sandow Lakes Energy Company, Sylmar Studios which are each affiliates of Mr. Kendrick). The Sponsors' personnel, in accordance with Xebec Asset Management's compliance program, are also permitted to undertake outside investment activities and other business opportunities. Consequently, the Sponsor's personnel expect to be subject to potential conflicts in allocating their time and services among each Fund, other Sponsored Ventures, and outside activities. A Sponsor's personnel may have differing interests across each Fund, each Sponsor and other Sponsored Ventures and outside activities, including economic interests therein, which may incentivize such personnel to disproportionately allocate their time to entities, other than the Funds, in which they hold greater economic or other interests.

*Transactions with Affiliate Counterparties.* In addition to the Affiliate Service Provider transactions discussed above in this **Item 5**, conflicts will also arise in direct transactions between a Fund and other Sponsor affiliated entities, including other Sponsored Ventures (each an "Affiliate Counterparty"), which may not necessarily be resolved in favor of a Fund. Below are a few examples of certain Affiliate Counterparty transactions that may arise and their resulting conflicts:

*Purchase and Sale of Properties and Other Investments.* A key part of a Sponsor's growth and/or exit strategy for various Funds often include purchases and sales between different Sponsored Ventures, which acquire, develop, manage, hold and exit properties at different times during the value creation cycle for a property. Funds that hold Development Assets may sell the developed assets to Funds that hold Stabilized Assets as a key part of the exit strategy for the Development Asset vehicles and as a key part of the growth strategy for the Stabilized Asset vehicles. While the Sponsored Ventures generally transact at prices that both parties determine to represent fair value each in accordance with their respective Governing Documents, in purchase and sale transactions with Affiliate Counterparties there is a risk of undervaluing or overvaluing an asset (and inherent difficulties in determining a fair value for an asset to both a

seller and purchaser), with the potential that a Fund may pay too much for an asset it purchases or may receive too little for an asset it sells to an Affiliate Counterparty. If an asset is undervalued or overvalued, the Affiliate Counterparty may benefit at the expense of the counterparty Fund, and its investors. Because the Sponsors may have financial incentives with respect to a Fund's purchase or sale of properties or other assets from or to Affiliate Counterparties, the Sponsors, and the Advisers may unduly favor certain purchase or sale opportunities for a Fund with Affiliate Counterparties where other third-party opportunities may exist on equivalent or potentially better terms. As a result, it is possible that a Fund may pay more or receive less favorable terms in connection with a purchase or sale of assets from an Affiliate Counterparty than it would for the same or similar asset in a third-party sale transaction. We seek to mitigate these conflicts by seeking independent appraisal or if a third party joint venture party is involved on either side, their approval of the purchase price is required, each as set forth in a Fund's Governing Documents.

*Co-Investment in Sponsored Ventures.* Certain Funds co-invest in selected joint venture development projects in which a Sponsor, or another Sponsored Venture acts as the general partner or managing member. When acting in such capacity, the joint ventures will typically be structured so that the Sponsor is entitled to a Profits Interest or Promote in the venture developing the project entitling such Sponsor to participate in the total return from the project with joint venture partners that have invested capital. The Sponsor's cumulative economic interests in any venture may allow it to realize an aggregate return on any particular venture greater than the return to be realized by other joint venture partners and/or greater than the return such Sponsor would receive in respect of the Fund, and in any case may create an incentive for it to (a) make investment decisions favoring such venture relative to a Fund (including the allocation of certain investment opportunities), and/or (b) cause the venture to take on greater risk in connection with project management impacting the Fund, and/or (c) make riskier or more speculative investments impacting the Fund. The Sponsor's economic interests in any venture also create separate conflicts in connection with income tax consequences that are different from those of other joint venture partners or the Fund. Additional conflicts exist in the determination of the rate of preferred return that must be earned by joint venture partners before the Sponsor's Profits Interest, Promote or other economic incentives to participate in the total return, which may be a single or tiered preferred rate of return, and which may vary across Sponsored Ventures, as well as the rate at which the Profits Interest, Promote or other economic incentives participate. As a result, the respective Sponsor may be incentivized to allocate certain opportunities or the time of its personnel to one or more other Sponsored Vehicles over a specific Fund in order to realize greater returns, or the Sponsor may be incentivized to cause a Fund to participate in a venture in which it holds other interests or receives other benefits.

*Affiliate Service Providers.* As discussed above in this **Item 5**, generally each Fund's operating strategy is to use or otherwise engage in transactions with Affiliate Service Providers, in connection with the real-estate and investment related activities of the particular Fund. For instance, a Fund and its related entities may engage an Affiliate Service Provider for development management services, and Xebec Building Company (an affiliate of Mr. Kendrick, Xebec's founder, and Chief Executive Officer of Xebec Holdings and SLR) for construction services and construction consulting, and compensate Affiliate Service Provider and Xebec Building Company,

respectively, for such services (i) at rates that the General Partner or the Manager, as applicable, believes, in its sole discretion, to be within the range of general fair market rates from non-affiliate third parties providing similar services, or (ii) for a Fund with assets held through a joint venture with third-party institutional capital partners at the rates the underlying venture agreement approves with the consent of such third-party. Funds have a financial incentive to utilize Affiliate Service Providers, and in many cases have sole discretion to determine the fees and other terms for these services, and there is not an independent third-party involved to evaluate the fairness of the arrangements. As a result, although fees charged by Affiliate Service Providers would be at rates that the Adviser believes, in its sole discretion, to be within the range of general fair market rates from non-affiliate third parties providing similar services, such fees nevertheless could be greater than those that would be charged by outside parties providing similar services. A potential conflict of interest also exists in the determination of the other terms in the applicable agreement, which may be more favorable to the Sponsor, or its personnel than terms that would otherwise be available on an arm's length market basis. Fees charged by Affiliate Service Providers are discussed in greater detail in each Fund's Governing Documents, and are generally as listed above under the caption "*Affiliate Service Provider Fees*" in this **Item 5**.

There can be no guarantee that Affiliate Service Providers will have a positive impact on a Fund or its investments, or that they will produce the same or better results than those that could have been achieved by unaffiliated service providers. Any Affiliate Service Provider will be subject to significant conflicts of interest, and may take actions that are adverse to a Fund's interests.

## **EXPENSES CHARGED TO FUNDS**

Generally, each Fund bears all fees, costs, expenses and other liabilities or obligations incurred in connection with the formation and organization of, or sale of interests in, the Fund, its general partner, managing member and/or the Adviser. In addition, each Fund also bears all fees, costs, expenses and other liabilities or obligations relating to or arising from its formation, marketing, operations, activities, meetings and eventual liquidation (either directly or indirectly through the payment of such expenses by portfolio investments).

A Fund's Governing Documents set forth the particulars of the operating expenses that will be borne by the Fund, which may include (without limitation) the fees, costs and expenses relating to or arising from:

- Organization, formation, marketing, offering, structuring, management, conduct, operation, maintenance, and the dissolution, winding up and termination of the Fund, its related entities and their respective business, or the entities through or in which investments may be made, or otherwise attributable to the existence of the Fund and its related entities (including all fees and costs of placement agents and all out-of-pocket legal, accounting, consulting, marketing, mailing, courier, filing, travel, printing and other start-up costs and expenses);

- sourcing, finding, investigating, developing, evaluating, negotiating, structuring, acquiring, monitoring, holding, administering, financing, refinancing, managing, hedging, selling, exchanging or otherwise disposing of or monetizing prospective and actual investments, including consummated investments and any syndication thereof, any proposed but unconsummated investments and any proposed but unconsummated syndication of investments;
- research and software expenses, and other expenses incurred in connection with data services providing price and news feeds, real estate market, securities and company information, or other fundamental data, in each case that are attributable to Fund investments or otherwise beneficial to the Fund's investing;
- third-party research, news, industry information, analytics and expert networks/research resources;
- legal, compliance, custodial, depository, brokerage, client relations, auditing, accounting and banking costs, fees and expenses, including for example, costs, fees and expenses attributable to legal, compliance, client relations, accounting, reporting and information management software and systems used in connection with the Partnership, its related entities and their respective activities (including fees and expenses attributable to or associated with the requirements of any national private placement regimes) as well as those associated with the preparation of financial statements, tax returns and Schedule K-1s, the filing of various foreign tax withholding and treaty forms and the representation of the Fund, its related entities or the Fund by the "tax matter partner" or the partnership representative or designated individual;
- appraisal and valuation services costs, fees and expenses, including costs, fees and expenses of independent appraisal or valuation services or third-party vendor price quotations;
- the allocable share of asset-level costs, fees and expenses, including asset management, construction, development, leasing, acquisition services, disposition services, closing, due diligence and other ancillary services in respect of the Fund's assets or those of its related entities;
- support services (including data processing, client relations, accounting, legal and tax support and other services), outsourced to third-party service providers;
- transactions not consummated (including costs of any proposed co-investment, co-investment vehicle or joint venture that is not consummated, and including broken deal expenses, diligence and pursuit expenses, and other third-party out-of-pocket expenses);
- defaults by investors in the payment of any capital contributions or other payments required to be made pursuant to the Fund's Governing Documents;

- organizing, developing, structuring, operating, maintaining and winding up the Fund and its related entities, as applicable, and other persons through or in which investments may be made, and costs fees and expenses related to the business and operations of such persons;
- costs, fees and expenses that are classified as extraordinary expenses under generally accepted accounting principles, and other extraordinary, nonrecurring matters;
- premiums and fees for insurance to benefit, directly or indirectly, the Fund and its related entities, the holders of interests therein, the Adviser or any of its respective affiliates or their respective shareholders, partners, members, officers, directors, employees, and agents, as applicable, with respect to liabilities to any person in connection with the affairs of such entities and for directors' and officers' liability insurance or other similar insurance policies, including errors and omissions insurance and financial institution bond insurance;
- taxes and other governmental charges, fees and duties (other than amounts paid or withheld on behalf or with respect to or attributable to an investor in the Fund);
- litigation and indemnification expenses, including damages and other costs, fees and expenses relating to litigation or other matters that are the subject of indemnification rights;
- compliance costs;
- registration with or reporting to regulatory authorities in any jurisdiction in which the Fund, its related entities or their respective affiliates invests, is organized or is marketed or otherwise directly or indirectly conducts business related to the Fund or its investments, including the U.S. Securities and Exchange Commission, the U.S. Treasury Department, the U.S. Internal Revenue Service and other national, state or local regulatory authorities in any country or territory and filings in connection with the U.S. Foreign Account Tax Compliance Act and any comparable legislation or regulations published by any other relevant jurisdiction and other similar regulatory filings (and including any registration or reporting in connection with any similar regime in other jurisdictions);
- reporting to investors (including tax returns and tax reporting), and printing and delivery, and any annual meeting or other investor meetings;
- compliance with side letters and most favored nations processes;
- matters relating to a Fund's advisory committee (including meetings of the advisory committee) and the Fund's independent client representative, each as applicable (including any fees and expense reimbursements for any independent client representative);

- any governmental inquiry, examination or investigation relating to the activities or operations of a Fund or its portfolio investments and any related judgments or settlements;
- the incurrence and repayment of any indebtedness and hedging arrangements, credit facility, guarantee, letter of credit or similar credit support or one or more other similar financing transactions of the Fund and its related entities (including any interest and other amounts payable thereon and fees and expenses related thereto);
- any management fee or administrative fee charged by a Fund; and
- travel and related expenses associated with the Fund's business and investments and those of its related entities, including accommodations, meals and other similar expenses, fees and costs, airfare (which may include business or first-class airfare and private air travel (which may include reimbursement of the Adviser and its affiliates, or the employees or service providers of the Adviser and its affiliates, for use of aircraft owned or leased by them, in each case, consistent with the Adviser's or such affiliate's travel policies)).

Expenses that are not directly attributable to a specific Fund generally are borne on a *pro rata* basis by the Funds benefitting from the related service. To the extent that any expense relates to both the Fund and any related investment vehicle(s) such as a Co-invest Vehicle, such expense would typically be shared among the Fund and the investment vehicle(s) in a manner as the Adviser deems equitable, in its sole discretion. A Co-invest Vehicle will bear its *pro rata* share of any expenses relating to the applicable consummated investment but generally would not bear broken-deal expenses, which are generally allocated entirely to the primary applicable Fund that has an active commitment period. Brokerage fees may be incurred in accordance with the practices set forth below in **Item 12 "Brokerage Practices."**

In addition, a Fund generally after paying its organization and offering related expenses, will, for efficiencies and to maximize its investment, contribute substantially all of its called capital to the applicable underlying Sponsored Venture. In turn, the Sponsor may pay any additional expenses on behalf of the applicable Fund (e.g., typically ordinary course Fund audit, legal and accounting expenses) in exchange for a note payable to the applicable Sponsor (a "Sponsor Note") issued by the Fund. The terms of the Sponsor Note are determined by the Sponsor in accordance with the Governing Documents, as applicable. Generally a Sponsor Note is unsecured, with an annual interest rate (non-compounding) equal to the Sponsor's line-of-credit rate as of the date of the advance, and are repaid by the Fund from distributions received by the Fund, if any, or as a capital call upon the Fund.

#### **ARRANGEMENTS WITH THIRD-PARTY SERVICE PROVIDERS TO THE SPONSORS**

Third-party lenders, real estate brokers, valuation firms, leasing agents, attorneys, financial advisors, consultants, investment banking firms, appraisers, placement agents, property management providers, insurance brokers, any independent client representatives and others



that provide service to the Funds may also provide the same or similar services, multiple services, repeat services and/or other services to the Sponsors, other Sponsored Ventures and/or members of the Sponsors respective management and/or their outside business interests. These service providers may also be investors in a Fund, or a Sponsored Venture and/or may be sources of investment opportunities, and may hold positions on a Sponsor's board, as applicable. . For example, Xebec uses the services of various commercial real estate brokers and leasing agents, some of which are investors in Xebec and, from time to time, certain Xebec Sponsored Ventures. One or more of these brokers could be used in connection with leasing, purchases and sales of assets by a Fund. In addition, for certain properties a Fund may use property management services provided by a third party, the principals of which may be investors in either Sponsor, and other Sponsored Ventures. As another example, any independent client representative serving for a Fund is not required to be free of conflicts of interest to serve in such role and may be an investor in or have other interests in such Fund, the Sponsors or another Sponsored Venture and/or may be a source of investment opportunities to any such party. The relationships with these service providers may present conflicts of interest, as they may influence the Sponsor in deciding whether to select one service provider over another. There may also be conflicts of interest for the service provider in how the service provider renders its services, in light of its multiple relationships with the applicable Fund, Sponsor, other Sponsored Ventures and/or members of either Sponsor's management and/or their outside business interests. For example, a valuation firm used by a Fund that has other relationships with either Sponsor could have incentives to provide higher valuations to XLT which may increase management fees earned by the Xebec Adviser as manager, in order to carry more favor with either Sponsors for additional engagements in the same or other aspects of either Sponsor's real estate related business.

While rates, fees and commissions paid in connection with any transaction with third-party service providers are generally expected to be on arm's-length terms, nevertheless conflicts of interest exist, as the Sponsor, and its respective personnel may receive other benefits from these relationships that are not made available to a given Fund. The Sponsor may have an incentive to select a service provider with which it has a relationship or shares or participates in other business interests over another, even if such service provider is not available on the most favorable terms to the Fund. In addition, each Sponsor and its affiliates may have differing arrangements with the same service providers to a Fund and may benefit from more favorable rates or arrangements than those offered to such Fund, and such Fund will not be entitled to share in any of these benefits. Conflicts of interest may exist which prevent a Sponsor from engaging a service provider for a Fund that is otherwise used by the applicable Sponsor. A Fund may pay more for certain services than amounts paid for the same or similar services by the Sponsors , or a Sponsored Venture. By acquiring interests in a Fund, investors are deemed to consent to the arrangements with service providers negotiated from time to time by the Sponsors, or their affiliates.

Additionally, as part of each of the Sponsor's respective joint ventures with institutional capital partners, third-party service provider fees that are approved by such institutional capital partners pursuant to the applicable joint venture agreement will be deemed to be within the range of general fair market rates and appropriate (please refer to **Item 11 "Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading—Relationship with**

*Institutional Capital Partners*” for additional information regarding such joint venture arrangements generally).

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in **Item 5** above, we assess Performance- Based Fees to Funds. We may, however, waive or reduce the Performance-Based Fee with respect to certain investors, as described above in **Item 5** “Fees and Compensation.” Performance-Based Fees are structured to comply with Rule 205-3 under the Advisers Act, meaning that each investor in a private investment vehicle subject to performance fees must be a “qualified client,” as defined by the rule.

Performance-based fees could motivate us to make investment decisions that are more speculative than if the performance-based fees were not in effect. The method of calculating the performance allocations may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. Certain of our personnel and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict. In allocating investments, we may have incentives to favor Funds with potential for higher Performance-Based Fees over other Funds. We have adopted allocation policies as part of our overall compliance program designed to treat all Funds fairly and equitably in accordance with their applicable Governing Documents.

Subject to the terms and conditions set forth in the applicable Fund’s Governing Documents, we may, but are not required to, elect to offer any co-investment opportunity to one or more investors, including a Sponsored Venture or an affiliate or related person thereof, or affiliates of investors or one or more third-parties, in each case, on such terms and conditions as we determine in our discretion, which such terms generally are expected to be more favorable than the terms set forth in the applicable Fund’s Governing Documents.

## **ITEM 7 TYPES OF CLIENTS**

Our clients are the Funds. Investment advice is provided directly to the Funds and not individually to investors in such Funds. The Funds may include investment partnerships or other pooled investment vehicles formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. Fund investors may include, but are not limited to, high net-worth individuals (domestic or foreign), family offices, banks or thrift institutions, sovereign wealth funds, pension and profit-sharing plans, trusts, estates, endowments, foundations, charitable organizations or other corporations or business entities and also may include, directly or indirectly, past or current service providers, and principals or other employees of the Advisers.

Typically, the Funds require minimum investment amounts ranging from \$100,000 to \$1,000,000, but the minimum investment amounts have been, and in the future may be, reduced at the discretion of the Adviser, subject to applicable legal requirements.

Fund interests are offered and sold generally to investors that are (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, (ii) “qualified clients” as defined under the Advisers Act or other “knowledgeable employees” of the Advisers, and (iii) in the case of certain Funds, “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The Advisers provide day-to-day investment management and advisory services to a Fund. The following is a summary of the investment strategies and methods of analysis generally used by the Advisers on behalf of the Funds. More detailed descriptions of each Fund’s investment strategies, and the applicable methods of analysis, are included in a Fund’s Governing Documents. The summary below should not be interpreted to limit in any way the Funds’ investment activities. There can be no assurance that we will achieve the investment objectives of each Fund, and a loss of an entire investment is possible.

### **METHODS OF ANALYSIS**

Prior to making an investment in respect of a Fund, we conduct fundamental analyses on the potential investment, its market and its go-forward expected performance, and ultimately the return potential of the investment, as well as the potential risks. In performing diligence on a potential investment, we consider, among other things, the relevant market, the competitive assets, similar real estate as well as the target investment to understand the market and the potential investment’s competitive position within the market.

Prospective investment opportunities are generally sourced through a network of relationships in the real estate industry, including existing operating and development partners, potential new operating partners, real estate brokerage and lending contacts, as well as relationships with various other real estate professionals.

### **INVESTMENT STRATEGIES**

We seek to generate attractive risk-adjusted returns consistent with each Fund’s investment objectives through the implementation of one or more investment strategies, including the following:

*Value Creation-* We seek selective strategic opportunities to acquire real estate properties at a discount to replacement cost with potential for enhanced return through the renovation, re-tenanting or operational improvements including possible future redevelopment to higher and better uses over time, particularly in supply constrained submarkets. This value-added strategy capitalizes on our relationships and market knowledge.

*Development-* We target development projects principally focused on Class A infill/last-mile properties (which may include cold storage facilities) and fulfillment, warehouse and distribution centers (bulk logistics) in primarily in U.S. coastal and inland logistics markets with large and growing consumer populations, high barriers to entry and highly-developed logistics

infrastructures located near major airports, class-one rail intermodals, trucking intermodals and, for coastal markets, port facilities that can accommodate containerized cargo ships, or emerging logistics markets. This strategy capitalizes on our development expertise.

*Off-Market Transactions-* We seek to proactively identify investment opportunities through our existing relationships in the market and endeavor, where possible, to identify and execute real estate transactions outside of a competitive bidding process, leveraging our knowledge advantage.

The Adviser will pursue specific investment objectives and strategies for each Fund as set out in the Fund's Governing Documents. In the future we may determine to manage other Funds with different investment strategies.

## **CERTAIN RISK FACTORS**

There can be no assurance that each of the Advisers, their respective Funds or investors will achieve their investment objectives or that an investment will be profitable. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Each Fund and its investors bear the risk of loss based on the Advisers' investment strategy. References below to the "Fund" include the joint ventures and other entities in which the Fund may invest, as applicable. In addition, while the discussion below refers to both a "Fund" or the "Funds," it enumerates certain risk factors that apply generally to an investment in any Fund. The various risks outlined below are not the only risks associated with our investment strategies and processes and will not necessarily apply to each client or investor. With respect to each Fund, the following risks and conflicts are qualified in their entirety by the risks and conflicts set forth in the applicable Fund's Governing Documents.

## **RISKS RELATED TO THE OPERATION AND MANAGEMENT OF THE FUNDS**

*Reliance on the Adviser and Key Personnel.* A Fund's success will be substantially dependent upon the efforts of the Adviser and its key personnel, in particular Mr. Kendrick, Chief Executive Officer of Xebec Holdings and SLR. The death, disability or withdrawal of Mr. Kendrick or any other future key executive could have a material adverse effect on the ability of a Fund to operate and achieve its strategic plan. There can be no assurance that any of the Advisers, its principals or key personnel will continue to be associated with a Fund, or their respective affiliates throughout the life of the Fund. The ability of the Adviser to retain its management group or to attract suitable replacements, should any members of the management group leave, is dependent on the competitive nature of the employment market. Competitive pressures may also require that the Adviser enhance its compensation and benefits packages to compete successfully for the best personnel, which may not be feasible for the Adviser.

*Exclusive Management by the Adviser.* Generally, a Fund will be managed either exclusively by an Adviser or by an Adviser subject to various consent, approval and veto rights of one or more significant joint venture partners not affiliated with the applicable Sponsor. See the discussions below in **Item 11 "Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading—Relationship with Whitman Peterson"** and **"—Relationship with Institutional**

*Capital Partners.*” Investors will not be able to make investment or any other decisions in the management of the Fund and will not make decisions with respect to the acquisition, management, disposition or other realization of any investment of the Fund. In blind-pool Funds the Adviser has broad discretion in selecting the types of properties in which the Fund will invest, in some cases subject to substantial approval rights by joint venture partners not affiliated with the Sponsor, and Fund investors will not have the opportunity to evaluate potential investments. The Adviser (in some cases together with significant joint venture partners not affiliated with the Sponsor) will have primary responsibility for seeking and evaluating acquisition opportunities on behalf of a Fund, structuring and negotiating acquisitions, monitoring the performance of assets, and disposing of assets. In evaluating potential acquisitions, the Adviser will rely on its own financial projections. In all cases, financial projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from such projections. General macroeconomic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

*Adviser & Funds’ Limited Operating History and Experience in New Markets.* While Mr. Kendrick has an over 30-year history of real estate development and property management, most of which has been substantially concentrated on properties in Southern California, the Advisers have only recently come into existence. Many of the Funds have no operating history at the time investors are admitted. Certain of the Funds will acquire properties in markets in which the applicable Advisers has limited or no prior operating or development experience. Accordingly, the Funds may compete for assets with entities that may have greater experience and knowledge of these markets and may have better relationships with local sellers, brokers, lenders or others. Investments in new markets may require more management time, staff support and expense to develop and maintain an appropriate knowledge base and relevant relationships.

*Other Business Activities of the Manager.* Certain Funds do not limit the outside business activities that Advisers and their personnel may pursue, which may include certain activities that are competitive with those of a Fund. However, certain Funds have priority rights and exclusivity rights ahead of other Funds with respect to opportunities that may fall within overlapping mandates shared by those Funds. Subject to observance of any priority and exclusivity obligations, each of the Sponsors and their personnel are generally free to engage in such other business activities as they desire. Neither a Fund nor its investors will, by purchasing an interest in a Fund, acquire an interest, direct or indirect, in such other business activities. Please also see the discussion above in **Item 5 “Fees and Compensation—Conflicting Activities of the Sponsors Generally.”**

*Disease and Epidemics.* Any future public health crisis, pandemic, epidemic or outbreak of a contagious disease could have an adverse impact on global, national and local economies, which could negatively impact the Fund or Sponsored Ventures. Disruptions to commercial activity relating to health crises, such as the imposition of quarantines or travel restrictions, and a failure of containment efforts, may adversely impact a fund client’s investments. In addition, the imposition of travel restrictions may impact the ability of the Adviser’s personnel to travel in connection with potential or existing investments of a fund client or to the Adviser’s’ offices, which could negatively impact the ability of the Adviser to effectively identify, monitor, operate,

and dispose of investments. Finally, global pandemics have contributed to, and may continue to contribute to, volatility in financial markets, including changes in interest rates, and could reduce the availability of debt financing to a Fund or Sponsored Venture and potential purchasers of a Fund's or Sponsored Venture's investments, which could have material and adverse impact on a Fund's or Sponsored Venture's returns. The impact of global pandemics or any future public health crisis is difficult to predict, which presents material uncertainty and risk with respect to a client's performance.

*Artificial Intelligence.* As with many technological innovations, artificial intelligence presents risks and challenges that could affect its adoption. The Sponsor may utilize artificial intelligence and machine learning technologies (including those offered by third parties) to drive efficiencies in their businesses, including utilizing machine learning algorithms, predictive analytics, and other artificial intelligence technologies to identify trends, anomalies and correlations, provide alerts and initiate business processes with respect to a Fund. If these artificial intelligence or machine learning models are incorrectly designed, the performance of a Fund may suffer.

Artificial intelligence and machine learning technologies are complex and rapidly evolving, and the Sponsor and its respective Funds face significant competition from other companies as well as an evolving regulatory landscape. This may result in new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or other complications that could adversely affect the Sponsor's or Fund's business, reputation, or financial results. Changes to existing regulations, their interpretation or implementation or new regulations could impede the use of artificial intelligence and machine learning technology. Any of these factors could adversely affect a Fund's business, financial condition, and results of operations.

*Cyber-Security Threats.* Cyber-security threats could result in disruption of operations, loss of assets, or damage to a Fund's reputation. Each Fund, Sponsored Venture, Adviser and their respective service providers rely on information technology systems for current and planned operations, including to facilitate their ability to monitor and control their respective operations and adjust to changing market conditions, and may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, ransomware, denial-of-service attacks on websites, the unauthorized release or use of confidential information and causing operational disruption. A successful cyber-attacks against, or security breakdowns of, any Fund, Sponsored Venture, Adviser or their respective service providers may adversely impact such Fund's investors. The Fund may also incur substantial costs for cyber-security risk management in attempting to mitigate and prevent any cyber incidents in the future. The Fund and the investors could be negatively impacted as a result.

*Information Technological Failure.* Each Fund's business is highly dependent on the communications and information systems of the Advisers. In addition, certain of these systems are or may be provided to the Advisers by third-party service providers. Any failure or interruption of such systems, including as a result of the termination of an agreement with any such third-party service provider, could cause delays or other problems in the Fund's activities.

This, in turn, could have a material adverse effect on the Fund's operating results, require a significant expense to repair or replace such systems and cause reputational damage.

*Global Macroeconomic Conditions.* Each of the Sponsor's operations and business results, including with respect to any particular Sponsored Venture's operations and related Fund's activities and its investments, and the execution of its investment, growth and operating strategies could be materially adversely affected by instability in the local, United States or global financial markets, commodities and real estate markets, decreases in the availability of credit, interest rates, change regulatory conditions, energy costs, inflation, employment rates, decreases in general levels of economic activity and consumer confidence and spending and numerous other factors outside the control of the Advisers and Funds. These conditions may materially and adversely affect one or more of the following: (i) the ability of a Fund or its properties or other investments to access credit markets on favorable terms or at all in connection with the financing or refinancing of investments; (ii) the ability or willingness of certain counterparties to do business with the Fund; (iii) the exposure to the credit risk of tenants and others in the Fund's dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents); (iv) demand for the available space in the Fund's portfolio of properties, as applicable; (v) growth opportunities for the Fund's properties and other investments; (vi) the ability of the Fund to exit or otherwise monetize its properties and other investments at desired times, on favorable terms or at all; and (vii) availability of reliable insurance on favorable terms or at all. The factors discussed above may also materially and adversely affect the ability of the investors in a Fund to meet their capital commitments and other obligations to the Fund in a timely manner or at all.

*Legal and Regulatory Developments.* Governmental and regulatory authorities, including in the United States, have taken unprecedented action to attempt to stabilize financial markets and improve and increase regulatory oversight in response to events in the last decade, including the most recent global financial market crisis. Attention remains focused on the need for financial institutions, trading firms, and private investment funds to maintain adequate risk controls, capital reserves and compliance procedures. Events have also raised concerns and prompted regulatory responses as to the manner in which certain exchanges and regulators monitor trading activities and protect customer funds. Disruptions and adverse events in the equity, securitization, derivative, and money markets and the freezing of the credit markets have increased the call for additional and consolidated regulatory oversight of the global financial markets. As a result, the regulatory environment for private investment funds, such as the Funds, is evolving and the effect of any regulatory or tax changes currently being implemented or which may be implemented in the future on the Adviser and the Funds, the markets and instruments in which the Funds invest, and the counterparties with which the Funds conduct business is difficult to predict.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one or more of the Fund's or portfolio investment's banks, brokers, hedging counterparties, lenders to or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by various factors,

including eroding market sentiment, significant withdrawals (e.g., a bank run in which depositors collectively withdraw their balances within a short period of time), fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Advisers, the Funds and/or their portfolio investments may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, or the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance (including Fund assets maintained with qualified custodians pursuant to Rule 206(4)-2 under the Advisers Act) are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Advisers to manage the Funds and their portfolio investments, and on the ability of the Advisers, any Fund and/or portfolio investments to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Although the Advisers seek to do business with Financial Institutions believed to be creditworthy and capable of fulfilling their respective obligations to the Funds, the Advisers are under no obligation to use a minimum number of Financial Institutions with respect to any Fund or to maintain account balances at or below the relevant insured amounts. Furthermore, such balances maintained by the Advisers and the Funds are generally expected to fluctuate, including with respect to the Funds in connection with capital calls to limited partners and dispositions of investments, and certain balances from time to time will substantially exceed applicable deposit insurance.

*Recent Developments in the Chinese Financial Markets.* Recently, the economy of China has experienced a great degree of volatility and financial turmoil. China's two major equity indices have experienced significant losses. Such losses were magnified domestically by prior rapid growth in the domestic credit market and consumer margin investing. These market losses, along with the recent devaluation of the yuan by the Chinese government, are viewed by many as a sign of a general economic slowdown in China. The extent of the slowdown and the potential financial and economic turmoil is unknown and may be significant. Additionally, the economic condition of the country is disproportionately impacted by government decisions and intervention, which increases the unpredictability of the situation. Moreover, current Chinese economic conditions may have a negative effect on market conditions worldwide. As the world's second-largest economy, economic and/or financial turmoil in China is likely to impact other global markets in ways that cannot be planned for. Instability in the securities markets and economic conditions generally (including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's business and could have a negative impact on the Fund's operating, growth and investment strategies.

*U.S. and International Trade Relations.* Trade tensions between the United States and China, as well as those between the United States and Russia, Canada, Mexico and other



countries have been escalating recently. Four rounds of U.S. tariffs were placed on Chinese goods being exported to the United States, with such tariffs taking effect in July, August, and September 2018, May 2019, and August 2019. Each of these U.S. tariff impositions against Chinese exports (other than the August 2019 tariffs) were followed by a round of retaliatory Chinese tariffs on U.S. exports to China. In addition, the U.S. government has threatened to impose tariffs on all products imported from China. Additionally, the U.S. government has recently indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, including the North American Free Trade Agreement, or “NAFTA.” On September 30, 2018, the United States Trade Representative announced that the United States has agreed to a new trade deal between the NAFTA member countries (the “USMCA”), and on January 29, 2020, former President Trump signed the USMCA into law.

If the U.S. government takes action to materially modify other international trade agreements, treaties, policies, tariffs, quotas or any other trade restrictions it has the potential to adversely impact any of the Xebec and SLR operations and business results, including with respect to any particular Sponsored Venture’s operations and related Fund and its various investments directly by disrupting trade and commercial transactions and/or indirectly by adversely affecting the U.S. economy or certain sectors thereof. Key aspects of the business of the Sponsors’ operations and business results, including with respect to any particular Sponsored Venture’s operations and related Fund could be negatively impacted by a withdrawal from or significant change to other international trade agreements. As such, if the U.S. withdraws from or negotiates material modifications to the terms of other significant trade agreements and/or treaties, or makes significant changes to its trade policies, such actions could materially adversely affect a Fund’s business and consequently its financial condition and the results of its operations. For example, in November 2018, it was reported that the U.S. government was considering imposing quotas on steel imports from Canada and Mexico, in lieu of proposed changes in tariffs and, in May 2019, the U.S. government threatened to impose tariffs on all products imported from Mexico. Given the ongoing and developing nature of these issues, no assurances can be provided as to the ultimate impact to the Funds.

*Uncertain Geopolitical Events.* In February 2022, the Russian military invaded Ukraine. In response, the U.S. government, in coordination with the EU, the UK, and other governments, has introduced significant new sanctions and export controls on Russia, including new regional embargoes, full blocking sanctions, sovereign debt restrictions, restricted access to SWIFT and other restrictions targeting major Russian financial institutions, certain Russian elites and their family members, and the Nord Stream 2 pipeline, among other targets. These sanctions will significantly impact the Russian economy. Russia’s highest grossing exports include energy industries already suffering from demand reductions and corresponding price drops related to the COVID-19 pandemic.

In October 2023, Hamas (an organization which governs Gaza, and which has been designated as a terrorist organization by the United States, the United Kingdom, the European Union, Australia and other nations), committed a terrorist attack within Israel (the “October 7th Attacks”). As of the date of this Brochure, Israel and Hamas remain in active armed conflict. The

ongoing conflict and rapidly evolving measures in response could have a negative impact on the economy and business activity globally, and therefore could adversely affect the performance of the Funds or Sponsored Ventures.

As further military conflicts and economic sanctions continue to evolve, it has become increasingly difficult to predict the impact of these events or how long they will last. Depending on direction and timing, the ongoing events in Ukraine may significantly exacerbate the normal risks associated with the Sponsors' operations and business, including with respect to any particular Sponsored Ventures' operations and related Fund's business and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) demand for Investments; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords, and governmental policies. Economic and trade sanctions related to the Russian-Ukraine conflict, or other conflicts, have the potential to gravely impact markets, global supply and demand, import/export policies, and the availability of labor in certain markets. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be put in place in the near term. The foregoing could seriously impact each Fund's operations and its ability to realize its investment objectives in a timely manner.

*United Kingdom and "Brexit."* The United Kingdom (the "UK") withdrew from the European Union (the "EU") on January 31, 2020 (commonly referred to as "Brexit"). In connection with Brexit, the UK and the EU agreed to the EU-UK Trade and Cooperation Agreement ("TCA"), that governs the future trading relationship between the UK and the EU in specified areas. The TCA took effect from 1 January 2021 following a transition period that commenced immediately following the Brexit date.

The UK is no longer in the EU customs union and is outside of the EU single market. As a result, logistical disruption is expected while the UK and EU implement the new relationship under the TCA. Notably, the TCA does not include an EU-wide cooperation arrangement for financial services, with UK firms instead having to negotiate individual EU member state regulations and cooperation/recognition arrangements. The initial timeframe set to agree to a financial services cooperation framework may be subject to extension, and a cooperation agreement on financial services is not guaranteed. The uncertainty surrounding the implementation of the TCA and the outcome of ongoing negotiations may have economic, tax, fiscal, legal, regulatory and other implications for the asset management industry, the broader European and global financial markets generally and for private funds, such as any of the Funds and their investments. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the UK or the EU, including companies or assets held or considered for prospective investment by the Funds.

The future application of EU-based legislation and/or taxation to the private fund industry in the UK will depend, among other things, on how the UK negotiates its relationship with the EU

as regards financial services. There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on a Fund and its investments, including the ability of the Fund to achieve its investment objectives. The ongoing effects of Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities), an adverse effect on the ability of the Adviser to manage, operate and invest the Funds and increased legal, regulatory or compliance burden for the Funds, each of which may have a negative impact on the operations, financial condition, returns or prospects of the Funds.

While the most immediate impacts of Brexit on corporate transactions will likely be related to changes in market conditions, the development of new regulatory regimes and parallel competition law enforcement may have an adverse impact on transactions, particularly those occurring in, or impacted by conditions in, the UK and the EU.

*Natural Disasters, Terrorism, Cyberterrorism, Bioterrorism, Acts of War, and Force Majeure Events.* Natural disasters, terrorist acts (including cyberterrorism and bioterrorism), acts of war, and similar dislocations may adversely affect a Fund's assets and financial performance. Upon the occurrence of a natural disaster such as a flood, tornado, hurricane, fire or earthquake, or upon an act of war, terrorism, riot or civil unrest, the impacted country or geographic region, and potentially the global economy, may not efficiently and quickly recover from such event, which could have a material adverse effect on the Fund or some or all of its assets. In addition, continued hostilities in the Middle East and the occurrence or threat of terrorist attacks (including cyberterrorism) in the United States and other countries could adversely affect the global economy. Terrorist attacks and related events can result in increased short-term economic volatility. The effects of threats and/or future terrorist acts, military action or similar events on the economies and securities markets of countries, and the global economy, cannot be predicted. Such disruptions of the world financial markets could affect interest rates, ratings, credit risk, inflation and other factors impacting the Fund and its operations and financial results.

*Substantial Indebtedness.* A Fund or joint venture in which it may invest, may use substantial leverage in respect of its properties. The Fund's debt service obligations may have important consequences to holders of the Fund's equity securities, including, but not limited to: (i) a substantial portion of the Fund's cash flow from operations will be dedicated to the payment of principal and interest on its indebtedness, thereby reducing the funds available for operations, acquisitions, future business opportunities and other purposes and increasing its vulnerability to adverse general economic and industry conditions; (ii) the Fund's leveraged position may increase its vulnerability to competitive pressures; (iii) the financial covenants and other restrictions contained in the Fund's debt terms may require the Fund to meet certain financial tests and restrict its ability to borrow additional funds, to dispose of assets or make distributions to investors, and the Fund may provide guarantees in order to secure the debt; (iv) the funds available for working capital, capital expenditures, acquisitions and general corporate purposes may be limited; and (v) the Fund may be unable to continue as a going concern or, possibly even, forced involuntarily into bankruptcy, or required to voluntarily file for protection under the bankruptcy laws. The cost and availability of debt is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and

guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of its investment in a property, the Fund may not achieve an exit capitalization rate consistent with its forecasts.

*Certain Risks and Costs of Leverage Below a Fund.* Even though it presents many of the same risks as fund-level borrowing, indebtedness of entities other than a Fund will not be treated as Fund-level borrowing for purposes of the Fund's Governing Documents, even if the special purpose vehicles or other entities incurring such leverage engage in borrowings that are cross-collateralized with or among multiple investments such that multiple investments and a substantial portion of a Fund's value are at risk. As a result, these borrowings will not be subject to any limitations on Fund-level borrowing in the governing documents. Since the Advisers have the flexibility to engage in these structures, the Advisers may have an incentive to incur significant leverage at the level of holding companies beneath a Fund. The negative performance of one asset may materially and adversely impact the performance of other investments or a Fund as a whole. Furthermore, depending on the terms of the cross-collateralization and the performance of the underlying assets, it is possible that a Fund may ultimately bear a disproportionate share of the risk arising from any guarantees, borrowings or credit support that are incurred on a cross-collateralized or joint basis with other Funds, but a Fund will not receive compensation for bearing such risks for other such Funds.

*Inflation.* Inflation in the United States recently has been measured at significantly higher rates than have been seen in many years. Certain countries have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Funds, or their investments, may invest or conduct business. There can be no assurance that high rates of inflation will not have a material adverse effect on the financial condition and results of operations of the Funds, either directly or indirectly.

*Derivative Financial Instruments.* Derivative instruments or "derivatives" include futures, options, swaps, structured investments and other instruments and contracts that are derived from, or the value of which is related to, one or more asset, index, reference rate, or another financial instrument. A Fund may utilize financial instruments such as caps and floors, options, and interest rate swaps, and other derivative instruments to hedge against fluctuations in the relative values of the Fund's portfolio positions or to invest in an underlying financial instrument. The success of the Fund's derivatives transactions will be subject to (among other things) the Adviser's ability to predict correlations between the value of the portfolio's assets and the direction of interest rates, the price of an underlying financial instrument or other market conditions. Derivative transactions may also expose the Fund to credit risk that a counterparty to a particular transaction will fail to perform its obligations thereunder, as well as liquidity risk that the Fund may be unable to unwind or transfer a particular position in a timely manner at or near the market price. As a result, there is no assurance that a particular derivative instrument will achieve a desired hedging objective or provide the Fund with a positive or anticipated investment return and the use of derivatives can expose the Fund to significant risk of loss.

*Data Privacy.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, “Privacy Laws”) could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Advisers, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Advisers, the Funds and/or their portfolio investments are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Advisers, the Funds and/or their portfolio investments.

### ***Real Estate Investment Risks***

*Illiquidity of Real Estate Investments.* A Fund’s real estate assets are generally illiquid. In the event the Fund desires to sell any of its real estate, it may be difficult to realize an attractive price at an appropriate time or the Fund may otherwise be unable to complete a favorable exit. Return of capital and realization of gains, if any, tend to occur upon the disposition or refinancing of the underlying property. The Fund may be unable to complete an exit strategy or quickly sell its property or properties, as applicable, in response to adverse changes in its business. Certain of the Funds also intend to hold their properties indefinitely. To the extent a Fund seeks to sell any property, the Fund may not be able to sell such property on agreeable terms, in a timely manner or at all. Such sales might also require the Fund to use working capital to mitigate or correct defects to the property or make improvements to the property prior to its sale. In the case of a multi-asset Fund, losses on unsuccessful investments may be realized before gains on successful investments, if any, are realized.

*Industrial Real Estate Sector and Geographic Concentration.* The Xebec Advisers’ investments are, and likely will remain, concentrated in the industrial real estate sector, or in the case of the SLR Adviser in the SLR property. Such industry and asset concentration, as applicable, may expose the Fund to the risk of economic downturns in this sector to a greater extent than if the Fund’s business activities included investing in other sectors of the real estate industry, and such market concentrations may expose the Fund to the risk of economic downturns in these markets. In addition to natural disasters, including, but not limited to, earthquakes, fire, tornadoes, floods, tsunamis, adverse weather or oceanic or other natural disasters, or terrorism (including cyberterrorism) or acts of war previously discussed, local conditions or disruptions that could adversely affect the Fund’s results of operation may include oversupply/demand reduction

for capacity, fluctuations in the availability of labor sources, energy costs, disruptions in logistics systems, and other factors.

*Competitive Market.* The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in such conditions, including changes in long-term interest rates, acquisition costs, certain types of investments may not be available to a Fund on terms that are as attractive as the terms on which opportunities may have been available in other periods. The Funds, as applicable, will be competing for investments with other investment partnerships and corporations, financial institutions, business development companies, strategic industry investors, the public debt and equity markets and other financial investors investing directly or through affiliates, many of which have substantially greater financial resources than the Fund. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to a Fund and adversely affecting the terms upon which investments can be made. There can be no assurance that a Fund will be able to locate, consummate and exit investments that satisfy the Fund's investment objectives, or otherwise realize upon their values, or that the Fund will be able to fully invest its committed capital.

*Dependence on Major Properties and Tenants.* Revenues from one or more of a Fund's properties or tenants, as applicable, may constitute a large percentage of the Fund's total revenues, EBITDA and cash available for distribution. Financial distress may cause the tenants to fail to comply with the terms of their agreements or seek cancellation of their agreements. The bankruptcy of a tenant could prevent the Fund from collecting pre-bankruptcy debts, cause interruptions in the receipt of revenues from the tenant or result in vacancies in the Fund's properties. The financial deterioration or bankruptcy of the Fund's tenants, especially any main revenue generators, will reduce revenues at least until the Fund finds replacement tenants. These risks may be increased if revenue from a particular property depends on a single or dominant tenant. There is no guarantee that the Fund will efficiently find replacements on favorable terms. Such events may adversely affect the Fund's ability to make distributions and therefore the Fund's financial condition and results of operations.

*Volatility in Fund Value.* The value of a Fund's assets may fluctuate significantly as of the risk factors discussed above and those that follow, and may be significantly diminished in the event of a sudden downward market for real estate and real estate-related assets. The return on an investment in the Fund depends on the amount of income earned by the Fund's properties or assets and capital appreciation generated on such properties, as well as related expenses. If properties do not generate income sufficient to meet operating expenses, including amounts owed under any third-party borrowings and capital expenditures, investment returns will be adversely affected. In addition, the cost of complying with governmental laws and regulations and the cost and availability of third-party borrowings may also affect the market value of the Fund's property or properties, as applicable, and returns on an investment in the Fund. A Fund's returns would be materially adversely affected if a significant number of tenants of any of the Fund's properties were unable to pay rent or if any properties could not be rented on favorable terms. Certain significant fixed expenditures associated with commercial properties (such as

third-party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from such properties.

*Acquisition Risks.* Where a Fund seeks to acquire one or more properties, neither the Adviser nor the Fund can control the existence of appropriate acquisition opportunities for such Fund. When the opportunities do arise, the Fund's ability to acquire properties and businesses on favorable terms and successfully operate them may be exposed to risks typically associated with real estate acquisitions processes. Should the Fund acquire additional properties, management may be unable to quickly and efficiently integrate the new acquisitions into the Fund's existing operations. In addition, acquired properties may not generate acceptable levels of earnings or may have unknown liabilities that could adversely affect the returns on investment.

*Development, Redevelopment and Renovation Risks.* A Fund's investment strategy may be based exclusively on one or more Development Assets, or in certain circumstances may include a limited amount of Development Assets combined with investments in Stabilized Assets. In addition to the risks inherent in the ownership of any real property, risks associated with project development, redevelopment and major renovation work include: (i) risks of the availability of construction financing and the risks of construction delays (including the risks of strikes, shortages of materials, adverse weather conditions, environmental matters, uninsurable losses and other factors beyond the control of the Adviser or the Fund); (ii) significant cost overruns that may increase project costs; (iii) risks that the properties will not achieve anticipated sales prices or occupancy levels or sustain anticipated rent levels; and (iv) new project commencement risks, such as the failure to obtain entitlement, zoning, occupancy and other required governmental permits and authorizations and the incurrence of development costs in connection with projects that are not pursued to completion. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. Newly developed or newly renovated properties do not have the operating history that would allow objective pricing decisions in determining whether to invest the Fund's capital in these properties. In addition, market conditions may change during the course of development, which may make the development project less attractive than at the time development was commenced. In addition, even if the Fund successfully engages in the development of new assets, management may not be able to sell or operate the new asset successfully. Unsuccessful management of assets could result in lower than optimal occupancy rates, declines in operating margins, additional working capital needs, and subsequent deterioration in financial results and returns on investment. For all of these reasons, development, redevelopment and renovation projects entail risks that assets may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, development or operating partners and others. In addition, these risks could result in substantial unanticipated expenses or delays, and under certain circumstances, could prevent the completion of development, redevelopment or renovation activities.

*Joint Ventures.* Certain Funds hold their investments through joint ventures with third parties not affiliated with the Sponsors, and one or more Funds may co-invest in the future with affiliates or third parties in partnerships or other entities that own and/or develop real estate

properties. All of these joint ventures and partnerships are collectively referred to as joint ventures, including joint ventures in which the Fund may not have exclusive control over day-to-day operations. In such instances, the Fund would not be in a position to exercise sole decision-making authority regarding the joint venture. Investments in joint ventures may, under certain circumstances, involve risks not present were another party not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their required capital contributions. Joint venture partners may have economic or other business interests or goals that are inconsistent with the Fund's business interests or goals, and may be in a position to take actions contrary to the Fund's policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither the Fund nor the joint venture partner would have full control over the joint venture. In addition, the Funds may hold managerial roles in joint venture and may be exposed to significant managerial liability as a result of such roles, without corresponding receipt of managerial compensation. Disputes between the Fund and its joint venture partners may result in litigation or arbitration that would increase the Fund's expenses and prevent the Adviser's personnel from focusing sufficient time and effort on the Fund's business. Consequently, actions by or disputes with joint venture partners might result in subjecting the Fund or properties owned by the Fund through the joint venture to additional risk. In addition, the Fund may in certain circumstances be liable for the actions of its joint venture partners. See the further discussion below in **Item 11** "*Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading—Relationship with Whitman Peterson*" and "*—Relationship with Institutional Capital Partners.*"

*Litigation Risk.* Acquisition, ownership and disposition of real property are subject to various litigation risks. Litigation may be commenced with respect to a property acquired by a Fund in relation to activities that took place prior to the Fund's acquisition of such property. In addition, litigation may arise in connection with purchase and sale transactions, development activities or operation of real property. The operation of real property can be expected to result in a wide variety of litigation exposure to tenants, employees, financing sources, insurers and others.

*Eminent Domain Risk.* Municipalities and other government subdivisions may, in certain circumstances, seek to acquire certain assets of a Fund through eminent domain proceedings. While the Fund may seek to contest these proceedings, which may be costly and may divert the attention of management from the operation of the Fund, there can be no assurance that a municipality or other government subdivision will not succeed in acquiring assets of the Fund. In such event, there is a risk that the Fund will not receive adequate compensation for the assets acquired, or that the Fund will not be able to recover all charges associated with divesting these assets.

*Construction Defects and Liabilities.* The properties in which a Fund invests may have design, construction, title, environmental, or other defects or problems that require unforeseen capital expenditures, special repair or maintenance expenses, the payment of damages to third parties, or otherwise reduce the value of the Fund's investment. Engineering, environmental, seismic and other reports on which the Fund relies as part of its pre-acquisition due diligence investigations of these properties may be inaccurate or deficient, at least in part because defects may be difficult or impossible to ascertain. Statutory or contractual covenants, representations



and warranties made by various contractual counterparties relating to properties that the Fund acquires may not protect the Fund from liabilities arising from defects, and in many circumstances the Fund may gain exposure to property on an “as-is” basis, where the Fund waives, or does not obtain, statutory or contractual covenants, representations and warranties. Furthermore, after divesting its exposure to a property in its portfolio, the Fund may continue to have statutory or contractual liability with respect to such property, including statutory warranty obligations to the purchaser if any latent defects in such property are subsequently discovered, liability relating to environmental matters, or contractual liability.

*Uninsured and Underinsured Losses.* Generally, each Fund expects to carry insurance coverage on its properties. Insurance coverage for any given property is based on diligence conducted by third-party insurance specialists and a determination as to amounts that would be adequate to cover any potential casualty losses. However, there are certain losses (such as from hurricanes, tornadoes, fire, floods, wars, terrorist attacks (including cyberterrorism), riots or earthquakes or other natural or man-made disasters or casualty events) that are not generally fully insured, or are uninsurable, because it may not be economically prudent to do so. In the event that any of the Fund’s properties incurs a casualty loss that is not fully covered by insurance, the value of its assets will be reduced by the amount of any such uninsured loss, and the Fund could experience a significant loss of capital invested, thereby reducing the Fund’s returns (if any). Such a loss could adversely affect the Fund’s financial condition, results of operations, cash flows, and equity base. In general, losses related to terrorism (including cyberterrorism) are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all of the Fund’s real estate assets may be insured against terrorism. In addition, the Fund may not have funding reserved to repair or reconstruct damaged property, and the Fund cannot assure investors that any such reserves will be established for such purposes in the future.

*Availability of Debt Capital.* A Fund’s acquisition strategy and operations may include the use of leverage by the Fund. The availability of sufficient sources of debt capital upon attractive terms will be an important factor in executing on the Fund’s financial and operating plans and investment strategy. Availability of this debt capital will in turn be dependent upon general economic conditions, the condition of the financial services industry and a variety of other factors that are beyond the control of the Fund. Should sufficient sources of debt capital not be available to the Fund, the financial results of the Fund would likely be materially and adversely affected. Instability in equity, debt, commodities and real estate markets may increase the risks inherent in investment in the Fund, may restrict the availability of financing for the Fund’s activities and may affect the realization on exit of an investment in the Fund. To the extent that debt capital is available upon attractive terms, the Fund will be subject to the risks inherent in any business that uses debt as a significant component of its capital structure. Such investments involve a high degree of risk that adverse fluctuations in cash flow or increased interest rates may impair the ability of such businesses to meet their obligations, which could result in a loss of all or a substantial portion of the Fund’s equity investment.

*Debt Capital Restrictive Covenants.* When providing debt capital, a lender may impose restrictions on a Fund that affect the Fund's distribution and operating policies and ability to incur additional debt. Loan documents the Fund enters into may contain covenants that limit the Fund's ability to further leverage property, discontinue insurance coverage, make distributions under certain circumstances or execute business strategies. In addition, provisions of the Fund's loan documents may, among other things, terminate certain operating or lease agreements related to the property. These or other limitations may adversely affect the Fund's flexibility and ability to achieve its investment objectives.

*Access to Capital.* A Fund's success depends in substantial part on its ability, or the ability of property-owning entities and joint ventures in which it invests, to access external sources of capital, including any necessary acquisition financing, that are outside of the Fund's control and may not be available to the Fund on commercially reasonable terms or at all. Any additional debt the Fund and the entities in which it invests incurs will increase the leverage of such entity and possibly the likelihood of default. With respect to either the Fund or the entities in which it invests, access to third-party sources of capital depends, in part, on: (i) general market conditions; (ii) the market's perception of the entity's growth potential; (iii) the entity's current debt levels; (iv) the entity's current and expected future earnings; and (v) the entity's cash flow and cash distributions. In recent years, the capital markets have been subject to periodic significant disruptions. If the Fund or the entities in which it invests, cannot obtain capital from third-party sources on favorable terms or at all when desired, the Fund may not be able to acquire or develop properties when strategic opportunities exist, meet the capital and operating needs of its existing properties, or satisfy its debt service obligations. To the extent that capital is not available to acquire and/or develop properties, profits may not be realized or their realization may be delayed, which could result in an earnings stream that is less predictable than some of the Fund's competitors and result in the Fund not meeting its projected earnings and distributable cash flow levels in a particular reporting period. Failure to meet the Fund's projected earnings and distributable cash flow levels in a particular reporting period could have an adverse effect on its financial condition.

*Regulatory Approvals Specific to the SLR Property.* The SLR Property's business plan presently includes expanded permitting for the on-site use and transportation of subsurface water, permitting of a Class I municipal land fill and material recovery facility, creating a municipal utility district, and designing and obtaining construction and water storage permits for a dam to create a large reservoir. Each of these executions will require various levels of government approval, including the approval of the Texas Commission on Environmental Quality (the "TCEQ") and, as applicable, the Texas State Legislature. Governmental and other regulatory approvals such as those required to execute the SLR Property's business plan can be highly politicized, and are subject to opposition by third parties with respect to competing rights (such as with respect to water) and the impact on the environmental. There is no assurance that SLR will be able to obtain the regulatory approvals required on the timeline contemplated by the SLR Business Plan, or at all, or within budgeted amounts. To obtain the required approvals, SLR may be required from time to time to materially modify the SLR business plan.

*Potential Limitations on Access to Water.* The SLR Business Plan cash flows depend in part on its ability to sell subsurface water to third parties. While the SLR Venture will have rights to

the use of subsurface water (part of the Simsboro aquifer) based on its ownership of the SLR Property, currently determined in relation to the surface acreage owned, the amount of subsurface water to which the SLR Venture ultimately has access is regulated by groundwater conservation districts. The SLR Property's current use of subsurface water is less than the maximum to which it has access under current regulations, and the SLR Business Plan for the property includes seeking approval from the applicable groundwater conservation district to expand the property's access to subsurface water for sale to third parties. While SLR does not have a reason to believe that the application for a permit for additional subsurface water would not be approved, the permit approval process by the applicable groundwater conservation district will evaluate various considerations, including local effects on existing permit holders with access to the aquifer and impact to aquifer conditions, and there can be no assurance that the applicable groundwater conservation district would approve the request for expanded use. In addition, the property's future use of water could be restricted by the applicable groundwater conservation district as a consequence of drought, aquifer drawdown and other factors outside the control of SLR.

### ***Other Risks***

*No Assurance of Investment Return.* Neither the Fund nor the Adviser, nor any other person can provide any assurance that a Fund will be able to execute on its acquisition strategy, operating plans or exit strategy. Similarly, there can be no assurance that the Funds will be able to generate returns for the investors or that the returns will be commensurate with the risks of investing in a Fund. There can be no assurance that any investor will receive any distribution from a Fund. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment.

*Illiquid Nature of Investment.* An investment in a Fund is an illiquid investment with no public market and typically substantial restrictions on redemption or transfer. Accordingly, an investment in a Fund is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment and who understand that they may lose all or a significant portion of their invested capital. Investors must be willing and able to bear the economic risk of an investment in the Fund for an indefinite period of time.

*Investor Default.* If one or more investors in a Fund fail to fund their commitment obligations or to make required capital contributions, as applicable, the Fund's ability to complete its investment program or otherwise continue operations may be substantially impaired. In the event an investor fails to make a required capital contribution when due, it may be subject to various punitive remedies as provided in the applicable Governing Documents, including forfeiture of a substantial percentage of its interest in the Fund. The Adviser retains the discretion to employ these or other remedies in respect of an investor's default as it may determine on a case-by-case basis, in its sole discretion. There is no requirement that remedies be applied consistently among defaulting investors, and the Adviser may determine for a variety of reasons to apply different remedies to different defaulting investors.

*Uncertainty of Net Asset Values.* A Fund's net asset value, as applicable, will be calculated periodically by the Adviser for purposes of determining the applicable unit value for purchases of

new units, redemption of existing units, calculation of management fees and incentive allocations and in connection with various other material events. The determination of net asset value will include consideration of appraised values of the Fund's assets from time to time, but such appraisals are inherently subjective in certain respects and rely on a variety of assumptions, including assumptions about projected cash flows for the remaining holding periods for the investments. Furthermore, appraisals are based in large part on information as of a specific date, and market, property and other conditions may change materially after that date. Accordingly, such appraised values and the net asset value of the Fund as determined by the Adviser may not accurately reflect the actual market values of the Fund's assets after the date of appraisal. As a result, investors may make decisions as to whether to invest in or redeem units without complete and accurate valuation information, or the performance-based allocation may be overstated.

*Broken Deal Expenses.* Investments can require extensive due diligence activities and regulatory approvals prior to investment, which may entail significant third-party expenses. In the event that an investment is not consummated, a Fund may bear some or all of such third-party expenses and any termination fees, subject to any limitations set forth in the applicable Governing Documents. With respect to investments in which investors co-invest with the Fund through a Co-invest Vehicle or otherwise, any investment expenses or indemnification obligations related to such investments are generally expected to be borne by the Fund and such co-investors (whether directly or through a co-investment vehicle) in an equitable manner as determined by the Adviser, in its sole discretion, and subject to legal, tax and regulatory considerations. If a proposed co-investment opportunity and/or co-investment vehicle is not consummated, the Fund will bear some or all of the costs of such proposed co-investment or that would have been allocable to such co-investment (including broken deal expenses, diligence and pursuit expenses, and other third-party out-of-pocket expenses).

*Side Letters.* A Fund and the Adviser may from time to time enter into side letters and other agreements (collectively, "Side Letters") with one or more investors whereby, generally in consideration for agreeing to invest certain amounts in the Fund or other consideration, such investors may be granted rights not otherwise afforded to any other or all investors. These Side Letters may entitle an investor to make an investment in the Fund on terms and with rights more favorable to or not available to other or all investors, including among other things with respect to (i) access to information and reporting obligations of the Fund, (ii) transfer rights, (iii) preferential withdrawal or liquidity rights, (iv) consent rights to certain acts or amendments, (v) economic incentives, (vi) purchase rights, or (vii) advisory board seats or governance rights. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the Governing Documents with respect to such investor. As a result of certain Side Letters, investors holding the same Fund interests could have different returns and will receive different information, depending on any arrangements applicable to a given investor's interest. In addition, an Adviser enters into a side letter entitling an investor to be excused or excluded from a particular investment, (i) any election to be excused or excluded by such investor will increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, future investments, and reduce the overall size of a Fund and/or (ii) a Fund's ability to consummate certain investments may be inhibited. Any co-investment rights granted to a limited partner in a side letter or other similar agreement may result in fewer co-

investment opportunities (or reduced or no allocations) being made available to other investors. The Fund or the Adviser may enter into Side Letters with any party as the Fund or the Adviser may determine, in its sole discretion, at any time. Other investors in the Fund will not necessarily have most-favored-nation rights in respect of all or any of the more favorable terms provided to others, and investors will have no recourse against the Fund, the Adviser or any other person in the event that certain investors receive additional benefits or other rights pursuant to Side Letters that are more favorable than the terms received by all investors. To the extent required by applicable law or otherwise agreed by the Fund or the Adviser, material terms of certain Side Letters may be made available to certain investors on a redacted basis without making such terms available to all investors. Investors generally will not otherwise receive disclosure of Side Letter agreements.

*Lack of Diversification.* Many of the Funds hold investments in a limited number of properties, or even a single property. As a consequence, a Fund's aggregate returns may be substantially adversely affected by the unfavorable performance of even a single property. Although the Adviser will attempt to minimize risk consistent with the Fund's investment strategy, each of the risks set forth under the caption "*—Real Estate Investment Risks*" become more accentuated when concentrated over a smaller portfolio of assets. On any given investment, loss of all or a portion of the investors' capital is possible. Although the Adviser with respect to multi-asset Funds generally intends to diversify its investments among different assets, no assurances can be given that the Fund will, in fact, successfully diversify its investments.

*Effect of Fees and Expenses.* Generally, Funds are expected to directly pay or reimburse the Adviser for various expenses, in addition to any recurring management fees and/or administrative fees, as applicable. These fees and expenses in the aggregate are expected to be substantial and will reduce actual returns on investments in real estate assets realized by Fund investors, and will be paid regardless of whether the Fund produces positive investment returns. If the Fund does not produce significant positive investment returns, the fees and expenses paid by the Fund could reduce the amount of the investment recovered by an investor to an amount less than the amount invested in the Fund by an investor. See further discussion above in **Item 5 "Fees and Compensation"** in this Brochure.

*Other Business Activities of the Adviser.* Certain of the Funds' Governing Documents place only limited restrictions upon the business activities that the Adviser and/or its personnel may pursue, where such activities might be viewed to be directly competitive with those of the Fund. For these Funds, the Adviser and its personnel are otherwise free to engage in such other business activities as they desire. Neither the Fund nor its investors will, by purchasing the interests in the Fund, acquire an interest, direct or indirect, in such other business activities. Certain Funds may have priority rights and/or exclusivity rights not shared by other Funds, even where those other Funds have overlapping investment mandates and would benefit from such priority or exclusivity. See the further discussion above in **Item 5 "Fees and Compensation—Conflicting Activities of the Sponsors Generally,"** and **"Conflicting Activities of Sponsor Personnel; Allocation of Time."**

## **ITEM 9      DISCIPLINARY INFORMATION**

None of the Advisers and their management personnel have been subject to any material legal or disciplinary events.

## **ITEM 10      OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Xebec Asset Management is affiliated with each of the other Advisers, each of which is registered under the Advisers Act pursuant to Xebec Asset Management's registration as an investment adviser in accordance with SEC guidance. These affiliated investment advisers operate as a single investment advisory business together with Xebec Asset Management and serve as managers, managing members or general partners of private investment funds and other pooled investment vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. All of the Advisers are subject to Xebec Asset Management's code of ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

## **ITEM 11      CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### **CODE OF ETHICS AND PERSONAL TRADING**

The Advisers have adopted a Code of Ethics and Securities Trading Policy (the "Code"), which sets forth standards of conduct that are expected of the Advisers' principals, officers, certain of their employees and, in certain instances, their "covered" family members living in the same household, as well as certain consultants (collectively, the "XAM Representatives"). The Code requires, among other things, the XAM Representatives to report their personal securities transactions, requires pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering or private placement, and, with limited exceptions, in other pre-identified restricted securities, without first obtaining approval from Xebec's Chief Compliance Officer.

The Sponsors and their personnel may, from time to time, come into possession of material nonpublic or other confidential information about public companies which, if disclosed, might affect a Fund investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their personnel are 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 an investor in a Fund that is a client of the Advisers.

Accordingly, should the Advisers or their principals or employees come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers are prohibited from communicating such information to Fund investors, and the Advisers have no responsibility or liability for failing to disclose such information to Fund investors 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 Sponsors' respective personnel serving as directors of public companies and may restrict trading on behalf of the Funds. Although

the Advisers presently do not intend for Funds to invest in and/or trade securities, in the event a Fund in the future includes a strategy to trade securities, because of these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

Additional provisions of the Code outline Xebec Asset Management's policies governing (1) gifts, meals, and entertainment; (2) political activity; (3) employee business activities outside their activities with the Advisers, including serving as a director and certain fiduciary appointments; (4) compliance with anti-corruption and anti-bribery laws; and (5) the maintenance of confidentiality of certain information. If you would like a copy of the Code please forward your written request to the attention of Advisers' Chief Compliance Officer, at [investorrelations@xebecrealty.com](mailto:investorrelations@xebecrealty.com).

## **OTHER CONFLICTS OF INTEREST**

*Conflicts of Interest Generally.* Investors should be aware that there will be situations when the Advisers and/or a Fund may encounter potential conflicts of interest in connection with the Fund's investment activities. The following discussion details certain potential conflicts of interest that should be carefully considered before making an investment in the Fund. Please also see the discussion above in **Item 5 "Fees and Compensation—Conflicting Activities of the Sponsors Generally."** The Advisers can give no assurance that any conflicts of interest will be resolved in favor of any given Fund. By acquiring interests in a Fund, each investor will be deemed to have acknowledged the existence of such actual and potential conflicts of interest, to have consented to the potential conflicts and to have waived any claim with respect to any liability arising from the existence or resolution of any such conflict of interest. Inherent and potential conflicts of interest in the operation of a Fund's business could negatively affect the economic performance of the Fund, and the Fund's affiliates may maintain relationships with (which may include investments in) financial institutions, transaction counterparties or service providers that may engage in transactions with or provide services to, the Fund.

*Affiliate Transactions; Other Activities of Xebec Holdings.* A Fund's ability to acquire investments may be limited as a result of the Adviser's duties to other Funds or under applicable law or by the Adviser's intention to avoid certain potential conflicts of interest. Similarly, the Adviser may be required to take certain actions due to such duties and potential conflicts. The Adviser's investment professionals and other employees also may have conflicts in allocating their time and services among the Fund and the other Funds advised or managed by the Adviser, now or in the future.

*Allocation of Investment Opportunities by the Sponsors; Overlapping Accounts.* Other Sponsored Ventures have or may in the future have similar or overlapping investment strategies to those of a Fund ("Overlapping Accounts"). Because the Overlapping Accounts have similar investment strategies, they may seek to invest in assets that would also be appropriate for acquisition and investment by a particular Fund. While either Sponsor may present a Fund with the opportunity to co-invest with an Overlapping Account in certain assets and development opportunities, such Sponsor may also allocate investment opportunities exclusively to a particular Fund or an Overlapping Account to the detriment of any other Fund. The Overlapping

Accounts have different fee structures and compensation arrangements for the respective Sponsor and its affiliates, and some of these arrangements are more favorable to the respective Sponsor and its affiliates, while others are less favorable, than the fee structures and compensation arrangements applicable to a Fund. As a result, the Overlapping Accounts create inherent conflicts of interest in the allocation of investment opportunities among a Fund and the Overlapping Accounts, both with respect to the competition over limited opportunities as well as the potential for different fees and other benefits to the Sponsors.

*Reliance on Approvals of Others for Resolution of Certain Conflicts.* Certain Funds may allow for the appointment of a limited partner advisory committee (“Advisory Committee”) and/or an independent client representative (“Independent Client Representative”) to provide advice and counsel as requested by the Advisers regarding certain conflicts of interest and other matters. The Advisory Committee or the Independent Client Representative, where applicable, may be authorized to provide any consent (including any “client” consent) required under the Advisers Act, including in connection with any affiliated or conflict transactions or any “assignments” (as that term is defined under the Advisers Act). If the Advisory Committee or the Independent Client Representative consents to a particular transaction or waives a particular conflict of interest, or Xebec otherwise acts in a manner, or pursuant to the standards and procedures, approved by the Advisory Committee or the Independent Client Representative with respect to such conflict of interest, then none of Xebec, the Advisers or any of their personnel will have any liability to the applicable Fund or its investors for such actions taken by them in good faith, including actions in pursuit of their own interests, subject to compliance with the Advisers’ obligations as registered investment advisers. The Advisory Committee members and the Independent Client Representative do not owe fiduciary or other duties to the investors or the applicable Fund in connection with these determinations. The investors comprising any Advisory Committee are entitled to act in their own interest, which may conflict with the interests of other investors. The members of such Advisory Committee may disproportionately represent one or more of the entities or categories of limited partners comprising such Fund. Additionally, the composition of the Advisory Committee of a Fund may have substantial overlap with the composition of the Advisory Committee of another Fund, which could lead to conflicts of interest if there are transactions between such Funds that require advisory committee consent or approval. In addition, although any Independent Client Representative will not be a person that controls or is controlled by Xebec, the Independent Client Representative is not required to meet strict independence requirements and may have other interests in Xebec, or relating to Xebec that create conflicts of interest on the part of such Independent Client Representative. An Independent Client Representative is not required to be free of conflicts of interest to serve in such role.

*Co-Investment Opportunities.* The Advisers may provide co-investment opportunities through a Co-invest Vehicle, or otherwise, to any person, including investors in any Fund, strategic investors, lenders, other third-parties or Xebec, SLR, and their affiliates. In connection with these opportunities, the Advisers may determine that a co-invest opportunity should be offered to one or more co-investors (the “Co-Investors”) and will maintain discretion with respect to which Co-Investors are offered any such opportunity and in what amounts. Furthermore, the Advisers from time to time expect to make decisions regarding whether and to whom to offer



co-investment opportunities in consultation with other participants in the relevant transactions, such as a co-sponsor. Each co-investment opportunity (should any exist) is likely to be different, and allocation of each such opportunity will depend on the facts and circumstances specific to that unique situation. Interests of Co-Investors may conflict with the interests of the Funds. Co-Investors generally will not share in broken-deal expenses with any Fund (such amounts instead being borne by the applicable Fund), and such expenses may be significant.

*Secondaries and other GP-Led Transactions.* here continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Xebec following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where the Advisers believe there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Xebec and its affiliates). However, certain of such transactions are expected to require a limited partner to invest additional capital in the existing Fund and/or other investment vehicles, a greater exposure to one or more particular portfolio investment, and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio investment will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant general partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions, if undertaken by Xebec, has the potential for conflicts between the interests of a Fund or limited partner(s) and those of the Advisers or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where the Advisers will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction, their incentives are expected to diverge from those of limited partners who elect to sell their interests. Furthermore, the relevant general partner is expected to be incentivized to make investments in portfolio investments with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant Advisory Committee prior to the closing of the transaction, there can be no assurance that Xebec will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Xebec reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant governing documents.

*Performance-Based Incentive Fees, Participations and Allocations.* A Fund's Performance-Based Fees, if any, may create an incentive for the Adviser to cause the Fund to make riskier or more speculative investments than would otherwise be the case. In the case of Funds providing the Adviser with a performance-based incentive allocation, the amount of the incentive allocation is typically calculated based on the unrealized fair market value of the Fund's assets and/or net equity over the applicable measurement period, which could result in a valuation for purposes of determining the incentive allocation that exceeds any cash value ultimately achieved. The incentive allocation is typically not subject to a claw-back obligation. Therefore, it is possible that an investor's return might fall below the applicable hurdle return after an incentive allocation has been paid.

In addition, the Advisers may be permitted to borrow from a particular Fund any amounts that have been earned as a performance-based incentive allocation without taking a distribution of such amounts from the Fund or redeeming any equity interests awarded in respect of such performance-based incentive allocation. If the Adviser continues to own the equity interest that otherwise might have been redeemed, the Adviser will retain the opportunity to participate in any appreciation in the value of the equity while also having use of the cash amounts borrowed. There is also a risk that any loan made to the Adviser will end up exceeding the value of the equity against which the loan is taken and that the Adviser will be unable to repay the loan in full.

*Divergent Interests Among Investors.* The investors in any Fund may include investors with a range of tax and regulatory profiles, including U.S. taxable and tax-exempt entities, non-U.S. investors and high-net-worth individuals, among others. The Sponsors, and/or their related entities and personnel currently hold and may in the future hold interests in the Funds as investors therein. The interests of such persons and entities in certain of the Funds are substantial and may continue to be substantial in the future. Such interests are typically full voting interests and the vote of such persons or entities may control or substantially influence the outcome of any matter for which the vote, consent or approval of investors is required. Any of such persons or entities, in its capacity as an investor, may act in its own self-interest in connection with any vote, consent or approval of investors, notwithstanding that its interests may diverge from or conflict with the interests of other investors. Each investor in any Fund must accept the risk that decisions of the investors could be influenced or controlled by one or more of the Sponsors, their respective related entities or personnel, or by Whitman Peterson or another institutional capital partner, as applicable, and that such decisions could be unfavorable to other investors. See the further discussion below under the captions "*Relationship with Whitman Peterson*" and "*Relationship with Institutional Capital Partners*" in this **Item 11**.

The investors may have conflicting investment, tax and other interests with respect to their investments in any Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Fund and the structure, timing or manner of the acquisition or disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Advisers that may be more beneficial for one investor than for another, especially with respect to the tax consequences to individual investors. In selecting and structuring investments appropriate for a Fund, the Advisers will consider the investment and tax objectives of the Fund and its investors as a whole, not the

investment, tax or other objectives of any individual investor, and as a result investment results could differ among investors.

*Relationships with Investors, Service Providers and Other Counterparties.* A Fund's investors or their affiliates may include (i) companies with significant business interests within the real estate industry, including insurance and other risk management companies, banks and other financial institutions, public and private pension plans or private endowments, or (ii) appraisers, private placement agents and/or other service providers, and in either case these companies may provide services to a Fund, a Sponsor, another Sponsored Venture, and/or members of the Sponsor's management and/or their outside business interests. In addition, these companies, and their investors and/or management, may have a direct or indirect interest in one or more investments owned by a Fund, Sponsor, another Sponsored Venture, and/or members of the Sponsor's management and/or their outside business interests, or they may hold interests in one or more of the Advisers, Sponsors, the Funds or another Sponsored Venture. For example, one or more investors or their affiliates may be lenders or service providers to a Fund, Sponsor, another Sponsored Venture and/or members of a Sponsor's management and/or their outside business interests, or may act as a co-investor, lender or otherwise participate in the financing of an investment in which any such person participates. Any of these service providers that invest in a Fund will have differing interests than other investors in such Fund in light of these other relationships. Any of these advisors, consultants or other service providers that are investors may also serve on any Advisory Committee for a Fund, and may act in their own self-interests in serving in such role, notwithstanding that their interests may diverge from or conflict with the interests of other investors. Such service providers have no obligation to act in the best interest of a Fund in their capacity as an investor when exercising any votes, consents or approvals in that capacity.

In addition, various other counterparties with which a Fund will interact may have other relationships with either of the Sponsors, another Sponsored Venture and/or members of the Sponsor's respective management and personnel unrelated to the business of such Fund, resulting in disputes or even litigation with one or more of such Fund's service providers or investors, or their affiliates, including with respect to matters unrelated to such Fund, and such Fund's opportunities and investments may be adversely affected. See the discussion above in **Item 5 "Fees and Compensation—Conflicting Activities of the Sponsors Generally."**

*Relationship with Whitman Peterson.* Certain Xebec affiliates participate in a joint venture relationship with affiliates of Whitman Peterson. Whitman Peterson is a separate real estate private equity firm that invests in and actively manages opportunistic real estate investments on behalf of institutional investors. Pursuant to this joint venture, Whitman Peterson affiliates participate with Xebec affiliates in various Development Asset deals, which may impact the activities of certain Funds that pursue Development Assets. Whitman Peterson affiliates have extensive approval, control and veto rights in connection with Development Assets in which Whitman Peterson affiliates participate. Whitman Peterson affiliates also have a multi-faceted relationship with Xebec affiliates, including as an investor in Xebec and a co-investor in other Xebec Sponsored Ventures, which may create certain conflicts of interest with the interests of Whitman Peterson affiliates in development ventures with Funds. Whitman Peterson affiliates may have different goals and may not be aligned with Xebec or the Funds in all respects; and

Whitman Peterson affiliates do not have any obligation to exercise their approval, control or veto rights in the best interests of any Fund. In addition, Xebec may have incentives to make certain investment decisions in a manner that is more favorable to Whitman Peterson, or in a manner that favors certain Funds in which Whitman Peterson affiliates participate, in order to preserve that relationship.

*Relationship with Institutional Capital Partners.* Certain Xebec and SLR affiliates participate in a joint venture relationship with Institutional Capital Partners, such as Oaktree Capital Management and Bentall GreenOak. Such institutional capital partners are separate real estate investment management firms that invest in and actively manage real estate investments on behalf of institutional investors. Pursuant to their respective joint venture arrangements, each institutional joint venture partners participates with Xebec and/or SLR affiliates in various Development Asset deals and Stabilized Assets deals, which may impact the activities of Funds that pursue Development Assets and/or Stabilized Assets. These institutional capital partners have extensive approval, control and veto rights in connection with Development Assets and Stabilized Assets in which they participate. The participation by an institutional capital partner in both Development Assets and Stabilized Assets also creates certain potential conflicts of interest in respect of the purchase and sale of Development Assets and/or Stabilized Assets across Funds. Each institutional capital partner may have different goals and may not be aligned with Xebec, SLR, or the Funds in all respects; and the institutional capital partner does not have any obligation to exercise its approval, control or veto rights in the best interests of any Fund. In addition the Sponsors may have incentives to make certain investment decisions in a manner that is more favorable to the institutional capital partner, or in a manner that favors certain Funds in which the institutional capital partner may participate, in order to preserve that relationship. While the Sponsors may view these institutional capital relationships as being an overall benefit to the Funds, in connection with these relationships, certain Funds assume managerial liabilities that could result in significant risk and costs to such Funds.

*Service Providers.* See the discussion above in **Item 5 “Fees and Compensation—Arrangements with Third-Party Service Providers to the Sponsors.”**

*Use of Placement Agents.* The Funds or the Advisers may engage placement agents in respect of the offering of interests in any Fund to certain prospective investors. Any placement agent acts for the Fund or the Adviser and not as an investment adviser to prospective investors in connection with the offering of interests in the applicable Fund. In making an investment decision, prospective investors should be aware that a placement agent would generally be paid a placement fee based upon the amount of capital committed to a Fund by investors that the placement agent introduces to such Fund. Any placement agent fees and expenses will generally be borne by the Fund. In the event any placement agent is engaged in respect of a Fund, prospective investors should also note that at various times the placement agent may act as placement agent for other investment vehicles and their sponsors, including investment vehicles and their sponsors that are not Sponsored Ventures that may offer interests that are similar to the interests being sold in the applicable Fund. Any unaffiliated investment vehicles and their sponsors may pay placement fees on terms different from the fees placement agents may receive from the applicable Fund, and the differences in fees may influence a placement agent’s decision to introduce prospective investors to such Fund. A placement agent may also seek to do business

with affiliates of, or earn fees or commissions (such as in connection with financing or investment banking services, lending or arranging credit, or other transactions) from investments in, one or more Funds, the Sponsors or other Sponsored Ventures. Accordingly, prospective investors should recognize that each placement agent's participation as a placement agent for interests in any Fund may be influenced by its interest in such current or future fees and commissions. Prospective investors should also be aware that affiliates or employees of a placement agent could invest in a Fund on their own behalf and/or on behalf of their clients. Prospective investors must independently evaluate the offering and make their own investment decisions. Each prospective investor should carefully consider these issues in making its investment decision in connection with an investment made through a placement agent.

*Use of Subscription Lines.* The Funds may in the future fund investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, *i.e.*, subscription lines) prior to calling capital commitments, as applicable, with respect to any Fund. The interest expense and other costs of any such borrowings, as applicable, will be borne by the relevant Fund and, accordingly, may decrease net returns of the Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, if any, which will begin accruing on the latter of (i) the due date for such capital contributions to fund such investments, or repay borrowings used to fund such investments, or (ii) the date such capital contributions are actually made to the relevant Fund. In light of the foregoing, the Advisers have an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund.

## **ITEM 12      BROKERAGE PRACTICES**

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Because we render advice to private funds, and real estate investments are made on a negotiated basis, opportunities for trade executions in public securities are rare. On those rare occasions that we may engage in public securities transactions, to the extent they do so, they intend to follow the "best execution" brokerage practices described below.

If we buy or sell publicly-traded securities on behalf of a Fund, we may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Funds and/or their portfolio companies. In such instances, the applicable Adviser is responsible for directing orders to broker-dealers to execute the securities transactions. In selecting a broker to execute client transactions, we may consider a variety of factors in seeking to obtain best execution, including, among other things: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) responsiveness to requests for trade data and other financial information; and (v) the Adviser's overall relationship with the broker-dealer, including past transaction experiences.

No Adviser has any duty or obligation to seek competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although each Adviser

generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services. As a result, although we generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not necessarily select the broker-dealer or investment bank that charges the lowest commission or fee for such services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

### ***ITEM 13***      **REVIEW OF ACCOUNTS**

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We closely monitors the Funds' investments and evaluates potential dispositions and other means of adding value for investors with respect to the invested assets. Certain of the Sponsors' respective officers, including Mr. Kendrick, serve on the investment committee of the Advisers and work closely with other Sponsor professionals to oversee and monitor the operations, financial performance and strategic direction of each Fund and its investment(s). Whitman Peterson and BGO also have oversight and approval rights with respect to various investments for certain of the Funds.

The Funds provide their investors with such reports and financial statements as required by a Fund's Governing Documents, including (i) annual GAAP financial statements, which may be audited, and (ii) annual tax information necessary for each investor's tax return. Investors in a Co-invest Vehicle generally receive similar information, including annual financial statements. In addition to the information provided to all investors, the Advisers may provide certain investors, pursuant to Side Letters with such investors, with additional information or more frequent reports that other investors may not receive.

### ***ITEM 14***      **CLIENT REFERRALS AND OTHER COMPENSATION**

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In connection with the fundraising activities for certain Funds, we have entered into arrangements with unaffiliated placement agents for investor referral activities. Such unaffiliated placement agents receives compensation for its services in the form of a placement fee, maintenance fee and expense reimbursement, as applicable, pursuant to a placement agent agreement. Prospective investors in a Fund should understand that a conflict exists because such placement agents have an incentive to recommend an investor to invest into a Fund in light of the fact that certain of the fees earned are based on the amount of commitments raised under such agreements. Unless otherwise disclosed to or agreed by an investor, investors generally will not be charged any higher or additional fee as a result of such agreements or arrangements (except as otherwise set forth in the applicable Governing Documents of the Fund).

## **ITEM 15 CUSTODY**

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We have, or are deemed to have under Rule 206(4)-2 of the Advisers Act, to have custody of the Funds' cash and securities. The Advisers use one or more qualified, unaffiliated third-party custodians to hold the Funds' cash and, to the extent required pursuant to the Advisers Act and SEC guidance, securities. Assets or properties directly or indirectly owned or held by Funds that are not "securities" (such as direct investments in real estate properties) generally are not required to be held or maintained with a qualified custodian. Subject to the terms and conditions of the applicable Governing Documents, we may change custodians at any time and from time to time without the consent of, or notice to, investors. Independent public accounting firms registered with, and subject to regular review by, the Public Company Accounting Oversight Board, have been engaged to conduct annual audits of the Funds, and audited financial statements (prepared in accordance with U.S. generally accepted accounting principles) generally are provided to investors on an annual basis. We attempt to provide such statements to investors within 120 days after the end of each fiscal year (or such earlier time period required in the applicable governing documents of a Fund or such later time permitted by applicable law), but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide statements directly to investors in the Funds. .

## **ITEM 16 INVESTMENT DISCRETION**

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We generally have discretionary authority to manage investments on behalf of each Fund pursuant to the respective Governing Documents, subject to various consent, approval and veto rights of one or more significant joint venture partners not affiliated with the Sponsors. We assume this discretionary authority pursuant to the terms of the respective Fund's Governing Documents.

Generally, a Fund's Governing Documents do not place limitations on this authority except with respect to various consent, approval and veto rights of one or more significant joint venture partners not affiliated with the Sponsors. Pursuant to the terms of the applicable Governing Documents, the Fund and the Advisers may in the future enter into Side Letters with certain investors whereby the terms applicable to such investor's investment in a Fund may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. See also discussion under the caption **Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss—Other Risks—Side Letters"** in this Brochure.

## **ITEM 17 VOTING CLIENT SECURITIES**

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To the extent that a Fund has voting rights attributable to the Fund's investment in any entity, the managing member or general partner of the Fund, which may be an Adviser, will typically exercise the voting rights with respect to such interest, subject to various consent, approval and veto rights of one or more significant joint venture partners not affiliated with the Sponsors. In connection with the exercise of these voting rights, the Advisers have adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how they vote the interests, by investor proxy or otherwise, for any Fund's portfolio investments. The Proxy Policy seeks to

ensure that the Advisers vote the interests in the best interest of the respective Fund, including in situations where there may be material conflicts of interest. The Advisers believe their interests are generally aligned with those of the Funds' investors, including through the Advisers' and/or their principals' capital commitments and/or investments, and therefore will not seek Fund investor approval or direction when voting proxies. However, the Proxy Policy sets forth certain specific voting guidelines for when the Advisers do vote interests on behalf of a Fund. In addition, the rights of significant joint venture partners not affiliated with the Sponsors are not subject to any alignment with the interests of other investors in the Funds and these joint venture partners may exercise their votes in their own best interests and in their sole discretion.

In the event a property-owning entity of any Fund has a board of directors (or the equivalent), the Advisers do not consider service on such portfolio company board by Adviser personnel, or their receipt of management or other fees from the property-owning entity, to create a material conflict of interest in voting proxies with respect to such property-owning entity. In the event that there is a conflict of interest between an Adviser and a Fund in voting interests, the Proxy Policy provides that the Adviser addresses the conflict using certain procedures, including by seeking the approval or concurrence of the Fund's Advisory Committee or Independent Client Representative(s), as applicable, to the proposed proxy vote or through other alternatives set forth in the Proxy Policy.

A copy of the proxy voting record for proxies voted on behalf of a Fund, and a copy of the Advisers' Proxy Policy will be provided to, any Fund investor or prospective Fund investor upon written request to Xebec's Chief Compliance Officer, at [investorrelations@xebecrealty.com](mailto:investorrelations@xebecrealty.com).

## ***ITEM 18*      FINANCIAL INFORMATION**

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None of the Advisers requires prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure. None of the Advisers has been the subject of any bankruptcy petition.