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**March 2024**

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**This Form ADV Part 2A brochure (the “Brochure”) provides information about the qualifications and business practices of Conversant Capital LLC (“Conversant”, “we”, “us”, the “Adviser” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Mr. Paul Dumaine at (908) 466-5050 or [pdumaine@conversantcap.com](mailto:pdumaine@conversantcap.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 about Conversant is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

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**Item 2. Material Changes**

We last filed an update to this Brochure in April 2023. Although this update to our Brochure contains changes and updates to certain information, including with respect to the Firm's private, pooled investment vehicles and Regulatory Assets Under Management in Item 4, we do not believe that they constitute material changes to the Brochure filed in conjunction with our last updating amendment.

**TABLE OF CONTENTS**

Item 2. Material Changes .....	ii
Item 3. Table of Contents .....	iii
Item 4. Advisory Business .....	1
Item 5. Fees and Compensation .....	2
Expenses related to Funds.....	3
Item 6. Performance-Based Fees and Side-by-Side Management.....	4
Item 7. Types of Clients .....	5
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9. Disciplinary Information.....	24
Item 10. Other Financial Industry Activities and Affiliations .....	25
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	25
Item 12. Brokerage Practices.....	25
Item 13. Review of Accounts .....	26
Item 14. Client Referrals and Other Compensation .....	26
Item 15. Custody .....	26
Item 16. Investment Discretion .....	27
Item 17. Voting Client Securities .....	27
Item 18. Financial Information.....	28

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#### Item 4. Advisory Business

Conversant Capital LLC (“Conversant”, the “Adviser”, the “Firm”, “we” or “our”) is a Delaware limited liability company and investment adviser with its principal place of business in Summit, New Jersey. The Firm was founded in February 2020 and registered with the SEC on November 17, 2020 as an investment adviser. The Firm was founded by Michael Simanovsky, who is the Managing Partner and Chief Investment Officer of Conversant. Mr. Simanovsky is the majority beneficial owner of and controls Conversant. Conversant is an asset manager focused on real estate and real estate-related sectors that provides investment advisory services on a discretionary basis to its clients (the “Advisory Clients” or the “Funds”), which include pooled investment vehicles that are structured as evergreen investment funds, closed-end drawdown investment funds, private special purpose vehicles and customized funds for co-investments or other special opportunities, in each case, intended for sophisticated investors that are able to bear the risk of loss.

##### Evergreen Investment Funds:

- Conversant Opportunity Fund LP, Conversant Opportunity Offshore Fund LP and Conversant Opportunity Intermediate Fund LP are each feeder funds that invest substantially all their assets, directly or indirectly, through a single master fund, Conversant Opportunity Master Fund LP (collectively, the “Opportunity Fund”).

##### Private Special Purpose Vehicles:

- Conversant Dallas Parkway (A) LP and Conversant Dallas Parkway (B) LP are private special purpose vehicles of the Opportunity Fund (collectively, the “Dallas Parkway Funds”);
- Conversant Impact Fund (A) LP, Conversant Impact Fund (B) LP and Conversant Impact Fund (B) Intermediate LP are private special purpose vehicles of the Opportunity Fund (collectively, the “Impact Funds”); and
- Conversant Express Fund (A) LP and Conversant Express Fund (B) LP are private special purpose vehicles of the Opportunity Fund (collectively, the “Express Funds”, and collectively with the Dallas Parkway Funds and the Impact Funds, the “Private SPVs”).

##### Closed-End Investment Funds:

- Conversant SFR Fund LP and Conversant SFR Parallel Fund LP are standalone funds with a specialized investment strategy focused on single-family rental communities (collectively, the “SFR Funds”).

The Firm acts as an investment manager to the Funds pursuant to investment management agreements. Affiliates of the Firm, (i) Conversant GP, LLC (the “SFR General Partner”) serves as general partner of the SFR Funds and (ii) Conversant GP Holdings, LLC (the “Opportunity Fund General Partner”, and together with the SFR General Partner, the “General Partners” and each a “General Partner” or the “General Partner”, as the context requires) serves as the general partner of the Opportunity Fund and the Private SPVs.

Additional future Advisory Clients will be subject to investment objectives, management fees and performance-based compensation and other terms that are specific to each future Advisory Client and as set forth in the applicable governing documents of the future Advisory Client.

On behalf of its Advisory Clients, the Firm invests opportunistically in real estate and real estate-related sectors across public and private markets through investments in public securities, control, and non-control positions in private

equity, and acting as a capital solutions provider where we structure investments to address companies' financing needs. In the public markets, we focus on small and mid-cap companies and industries undergoing change or transformations. In private markets, we focus on real estate operating platforms operating in highly fragmented end markets or niche real estate verticals.

Our investment decisions and advice with respect to each Advisory Client will be subject to each Advisory Client's investment objectives and guidelines, as set forth in its respective governing and offering documents.

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2023, Conversant has \$1,928,785,167 in regulatory assets under management. Conversant manages all of these assets on a discretionary basis and does not currently manage any assets on a non-discretionary basis.

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## Item 5. Fees and Compensation

A brief summary of the fees and compensation that is paid to the Firm for its advisory services is provided below with respect to each Advisory Client, but this summary is qualified in its entirety by the governing documents of each Advisory Client. Depending on the type of Advisory Client, such governing documents include private placement memoranda or offering circulars, limited partnership agreements, memorandum and articles of incorporation (the "Governing Documents"). **It is critical that investors invested in any Advisory Client carefully review the Advisory Client's Governing Documents in order to fully understand how the Firm and its affiliates are compensated for its advisory services and reimbursed or paid for their expenses.**

### Management Fees paid by Funds

The management fee applicable to each Advisory Client varies and is described in detail in the applicable Governing Document of each Advisory Client. In addition, management fees with respect to individual investors in each Advisory Client may vary, as described in greater detail in "Designated Investors" below.

- **The Opportunity Fund:** The management fee charged with respect to the Opportunity Fund is generally charged at a rate of 1.5% per annum and is calculated at a quarterly rate equal to one-fourth of the net asset value of the capital account of each limited partner as of the beginning of each quarter, in each case before deduction of the management fee and accrual of any performance-based fee. The management fee is prorated for any contribution by a limited partner that is effective other than as of the first day of a quarter, based on the actual number of days remaining in such partial quarter.
- **The Private SPVs:** With respect to investors in the Opportunity Fund who are invested in Private SPVs, the management fee charged with respect to the Private SPVs is calculated using the same annual rates as used for the Public Management Fee (i.e. 1.5% per annum) but is based on each investors net invested capital. With respect to co-investors in the Private SPVs, the Firm is paid a management fee based on Conversant's agreement with such co-investor. The management fees for the applicable Funds are charged and paid quarterly in advance to the Firm and are charged *pro rata* to each investor's interests in the respective Fund. There are no withdrawal rights associated with the Private SPVs.
- **The SFR Funds:** The management fees payable by the SFR Funds to Conversant equal (i) during the investment period and so long as management fees do not begin to accrue with respect to a successor fund, 1.5% of the aggregate capital commitments of the investors in such Fund, and (ii) thereafter, 1.5% per annum of such Fund's aggregate net invested capital. The management fees for the applicable Funds are charged and paid quarterly in advance to the Firm and are charged *pro rata* to each investor's interests in the respective

Fund. There are no withdrawal rights associated with the SFR Funds.

### **Incentive Allocation (Performance-Based Compensation)**

The performance-based compensation, or incentive allocation, applicable to each Fund is described in more detail in the applicable Fund's Governing Documents. The General Partner (or another affiliate of the Firm) receives an annual incentive allocation from the Opportunity Fund, which is calculated, in each case, based on a share of net capital appreciation of the assets of an investor in the Opportunity. The performance-based compensation applicable to each Opportunity Fund investor varies and will generally be calculated at a rate that ranges from 17.5% to 20.0% (depending on the series of interests/shares) and is subject to a loss carryforward and an annual hurdle rate of 4%. Exceptions occur when an investor withdraws/redeems from a Fund, in which case the incentive allocation is determined and allocated at such time. The incentive allocation with respect to a Fund is calculated by the Fund's administrator and deducted by the administrator and reallocated to the General Partner pursuant to instructions from the Firm. Incentive allocation is made to the General Partner as a reallocation of profits.

### **Carried Interest (Performance-Based Compensation Based on Distributions)**

The Carried Interest applicable to the Private SPVs and the SFR Fund is described in greater detail in such Fund's Governing Documents. The General Partner receives a distribution of Carried Interest in the event that it makes a distribution to all limited partners in the Fund that exceeds the capital contributed by the limited partners, a preferred return on the amount distributed, which is generally 8%, a 50/50 General Partner catchup and a split of any remaining distribution in a 80/20 split to the limited partners and general partner so that the general partner receives a targeted carried interest rate, which varies from 17.5% to 20%, in each case based on the amount and initial dates of capital committed to the applicable Fund.

### **Expenses related to Funds**

Conversant is authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable.

The Firm is responsible for and shall pay, or cause to be paid, all of their own ordinary administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, personnel of the Firm.

The Funds bear all other expenses, which include, without limitation, the following expenses incurred by or allocable to the Funds:

Each Fund pays for all of its own expenses as detailed in the Governing Documents of such Fund. The Funds shall pay, and/or reimburse the General Partner and/or the investment manager for, all expenses related to the organizational, business, operations and investment activities of the applicable Fund, including, without limitation, all expenses related to organizing the Funds, including legal and accounting fees, printing and mailing expenses and government filing fees; all expenses incurred in connection with the offer and sale of Interests, including, without limitation, the preparation and amendment of the Funds' Governing Documents; and fees and expenses of the investment manager incurred in connection with "world sky" matters and private placement regimes and Form D and blue sky and similar fees and expenses; all third party administration, valuation, accounting, tax preparation, audit, bookkeeping, tax audit, investigation, settlement or review, legal expenses, risk management expenses (including software licensing and consultants' fees), compliance and other professional fees and expenses of, or relating to, the Fund; bank service fees, interest on loans and debit balances, interest on margin accounts and other indebtedness, borrowing charges on securities sold short; all Fund investment related costs and expenses, including, without limitation, all consulting fees, custodial fees, trustees fees, and fees and expenses associated with the purchase, sale or transmittal of assets (including, the acquisition, holding and disposition thereof or related thereto); insurance costs (including allocable share of the cost of D&O and E&O insurance for the investment manager and the General

Partner); fees and expenses of the Funds' regulatory compliance, including, but not limited to Schedules 13G and 13D, and other filings under Section 13 and Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); all expenses of liquidating and winding-up the Fund; the management fees; governmental fees and taxes; and extraordinary expenses, including, without limitation, the following: the costs of any litigation or investigation involving the activities of the Funds (including attorney's fees and investigative fees and expenses); tax audits (including attorney fees and fees of other professional advisors) or any settlements thereof, the cost of settlements and indemnification expenses (including advances thereof); commissions, brokerage fees, investment banking fees or similar charges incurred in connection with the disposition of an investment; and any sales or other taxes which may be assessed against the Fund.

In general, each investor will bear its proportionate share of the Funds' expenses on a pro rata basis with respect to the size of such investor's capital account(s) or with respect to the relative net asset value of the shares held by such investor, as applicable.

Notwithstanding the foregoing, the General Partners and/or the Firm, as applicable, may specially allocate the expenses described herein in any other manner, including by allocating certain expenses to certain (but not all) investors, if the General Partners and/or the Firm, as applicable, reasonably determines, in its discretion, that it is more equitable to do so.

To the extent that expenses to be borne by the Funds are paid by the Firm or its affiliates, the Funds will reimburse the Firm or its affiliates for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by us or our affiliates.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

In addition, Advisory Clients incur brokerage and other transaction costs. Please refer to [Item 12](#) of this Brochure for a discussion of the Firm's brokerage practices and treatment of trade errors (including expenses associated therewith).

### **Designated Investors**

Conversant has and may waive, reduce or calculate differently the management fee and incentive allocation with respect to the investors in any Advisory Client, who include, without limitation, partners, affiliates or employees of the General Partner or the Firm, members of the immediate families of such persons, trusts or other entities created for estate planning purposes of such persons and/or charitable organizations or foundations of such persons, and other customary "friends and family" investors that are not charged any, or are charged reduced, management fee or incentive allocation or carried interest rates.

### **Allocation of Expenses**

Conversant allocates fees and expenses among Advisory Clients and among Advisory Clients and itself in a fair and equitable manner consistent with its written expense allocation policy. Fees and expenses are generally allocated to applicable Advisory Clients on a *pro rata* basis based on assets under management, unless otherwise deemed fair and equitable by the Firm acting in good faith. Generally, expenses allocated to an Advisory Client will be indirectly borne on a *pro rata* basis by all underlying investors in the Advisory Client unless otherwise deemed fair and equitable by the Firm acting in good faith. With respect to expenses associated with a potential investment that was not made, such expenses will generally be allocated to the Advisory Clients eligible to invest in such potential investment, determined on the basis of the Advisory Client's Governing Documents and/or the Advisory Client's past investments, to the extent applicable and deemed to be fair and equitable by the Firm.

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

As described in greater detail in the Advisory Client Governing Documents, and as noted in Item 5 of this Brochure, certain Advisory Client allocate to the General Partners (which are affiliates of Conversant) an incentive allocation based on the performance of such Advisory Client, or a targeted carried interest distribution based on the return of capital to investors of such Advisory Client. The rates applicable to such performance-based compensation vary from Advisory Client to Advisory Client, and even within an Advisory Client based on the series of interests. In addition, certain personnel of the Firm are compensated on a basis that includes a performance-based component.

Although the right to receive an incentive allocation or carried distribution is generally viewed as aligning the interests of the Firm and its Advisory Clients, conflicts arise from such arrangements, for example:

- The General Partners' receipt of incentive allocation or carried distribution may motivate Conversant to make investments that are riskier or more speculative than it would make if its affiliate did not receive a performance-based compensation.
- Certain Advisory Clients may have higher management fees or incentive allocation or carried interest rates which are more favorable to Conversant than other Advisory Clients. As a result, Conversant may seek to favor one Advisory Client over another in allocating investment opportunities.

The Firm manages more than one Advisory Client with varying investment objectives, and to mitigate the risk of favoring one Advisory Client over another, the Firm has implemented policies and procedures relating to the allocation of investment opportunities and related expenses among multiple Advisory Clients. Conversant recognizes that it is a fiduciary and as such must act in the best interests of its Advisory Clients.

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

Conversant provides investment advisory services to the Funds, as described in Item 4 above. Investors in the Funds can include institutional investors (including endowments, pension plans, charitable organizations, and sovereign/governmental investors), high net worth individuals, family offices, financially sophisticated individuals and employees of the Firm. U.S. investors must be "accredited investors" under the meaning of Regulation D of the Securities Act of 1933, as amended and "qualified purchasers" or "knowledgeable employees" (as defined in Section 2(a)(52) of the Investment Company Act of 1940, as amended).

With respect to the Funds, any initial and additional subscription minimums from investors are disclosed in the relevant Governing Documents; however, the General Partner has discretion to waive the minimum amounts and accept lesser subscription amounts. The General Partner exercises its discretion to waive the minimum subscription amounts on a case-by-case basis.

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

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The Firm expects to make investment decisions on behalf of the Funds after a detailed and thorough investment process. The Firm expects the investment process to begin by identifying sector headwinds and tailwinds and certain company-specific opportunities. The Firm, as part of its diligence, will attempt to determine the current phase of the economic cycle, including distinct phases within specific sectors of the real estate market, and assess credit market conditions. As a result of such research, once the Firm identifies emerging themes in its research, it expects to focus on certain sub-sectors for company-specific opportunities and target company capital structures that it believes are mispriced, in dislocation, out of favor and/or facing uncertainties but that still have multiple paths to value realization with an asymmetric risk/reward opportunity. In addition, the Firm may also pursue idiosyncratic opportunities in real estate and adjacent sectors outside of thematically driven investments. The investment process is anticipated to consist of thesis generation, thesis analysis, decision making, execution and risk management.

The Firm contemplates sourcing investment ideas from research, extensive contacts with industry leaders, investment history, management teams and other market participants, relationships with legal and financial advisors, proprietary screens, and subscription services. Such investment ideas may then be considered by the Firm based on perceived potential return, risk, liquidity and overall fit with the applicable Fund's other investments and investment objectives. Through this process, the Firm expects to acquire a deep fundamental understanding of investment opportunities and their value drivers. The Firm further expects to perform in-depth valuation analysis, identify the fulcrum security through claim analysis and waterfall modeling, assess the catalysts and paths to value realization and calculate a probability weighted upside/downside ratio based on a range of potential outcomes. The Firm's approach incorporates a balance of assessing upside potential alongside specific analysis of risk and downside scenarios across a range of macro and micro drivers.

## **RISKS**

The Firm seeks to manage risk actively in order to protect capital and enhance the stability of returns in its Funds' portfolios. The Firm's investment decision making process is thoroughly grounded in a risk/return decision at the individual investment level, while also considering the overall Fund composition and leverage. With respect to the Opportunity Fund, the Firm will seek to limit the Funds' investments by sector, asset size, regional focus, and investment style to mitigate risks across the portfolio. The Firm intends to monitor each investment, repeatedly challenge its investment thesis and revisit its information set to analyze any discrepancies in prior assumptions made at the initiation of an investment. If new information renders the original investment thesis invalid, the Firm may seek to initiate the applicable Fund's exit from such investment. The Firm will seek the preservation of the Fund's capital and actively monitor each position. It may seek to hedge currency, interest rate and other risks, as deemed appropriate in its discretion.

**Investing in securities involves significant risks, including the risk of loss of some or all of an investment. An investment by investors in an Advisory Client may be deemed speculative and is not intended as a complete investment program as each Advisory Client is designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of their investment. Prospective investors should speak with their legal, tax and financial advisors prior to making an investment with the Firm. The following summary identifies the material risks related to the Firm's significant investment strategies and should be carefully evaluated before making an investment with the Firm; however, the following does not intend to identify all possible risks of an investment with the Firm or provide a full description of the identified risks. It is critical that investors refer to the Advisory Client Governing Documents in order to obtain a complete understanding of the risks associated with an investment in an Advisory Client.**

## **PRIMARY MARKET RISKS**

*General Economic and Market Conditions.* The real estate industry generally and the success of an Advisory Client's investment activities will both be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. These factors may affect the level, volatility, value and liquidity of an Advisory Client's investments, which could impair an Advisory Client's profitability or result in losses. In addition, general fluctuations in interest rates may affect an Advisory Client's investment opportunities and the value of an Advisory Client's investments. Continued periods of lackluster economic growth in the U.S. and global economies (or any particular segment thereof) may have a pronounced impact on an Advisory Client and could adversely affect an Advisory Client's profitability, and may otherwise impair an Advisory Client's ability to effectively deploy its capital or achieve attractive risk-adjusted returns.

*Political and Economic Conditions.* An Advisory Client's investments may be adversely affected by changes in economic conditions or political events that are beyond its control. For example, a stock market break, the outbreak of hostilities involving the United States, or the death of a major political figure may have significant adverse effects on an Advisory Client's investment results. Other factors, such as changes in U.S. federal or state tax laws, U.S. federal

or state securities laws, bank regulatory policies or accounting standards, may make corporate acquisitions less desirable. Similarly, legislative acts, rulemaking, adjudicatory or other activities of the U.S. Congress, the SEC, the U.S. Federal Reserve Board, the New York Stock Exchange, the Financial Industry Regulatory Authority (“FINRA”), or other governmental or quasi-governmental bodies, agencies and regulatory organizations may make the business of an Advisory Client less attractive.

*Interest Rate Fluctuations; Inflation.* The prices of some investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. For example, as interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. These price fluctuations tend to be greater for long-term securities than for short-term securities. In addition, interest rate increases generally will increase the interest carrying costs to an Advisory Client of borrowed securities, leveraged investments and other indebtedness.

Global central banks, including the Federal Reserve, began addressing the current inflationary environment by increasing policy interest rates. Governmental efforts to curb inflation often have negative effects on the level of economic activity. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. If an investment is unable to pass any increases in its costs along to its customers and/or tenants, it could adversely affect its results. In addition, any projected future decreases in an investment’s operating results due to inflation could adversely impact the fair value of that investment. Any decreases in the fair value of an investment could result in future unrealized and/or realized losses and therefore reduce an Advisory Client’s net assets resulting from operations and/or its returns. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on an Advisory Client’s returns.

*Financial Markets and Regulatory Change.* Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the private fund industry in general. The laws and regulations affecting such businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to an Advisory Client’s activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of an Advisory Client. It is impossible to predict what, if any, changes in regulation applicable to an Advisory Client or the investment manager, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. An Advisory Client or the investment manager may be or may become subject to unduly burdensome and restrictive regulation.

*Risks Arising From the Absence of Regulatory Oversight.* Advisory Clients are not, and will not be, registered as investment companies under the Investment Company Act in reliance upon an exemption available to privately offered investment companies and, accordingly, the provisions of the investment Company Act intended to provide various protections to investors (which, among other things, require investment companies to have a majority of disinterested directors, provide limitations on leverage, limit transactions between investment companies and their affiliates, require securities of an investment company held in custody to be individually segregated at all times from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) are not applicable.

*Availability of Suitable investment Opportunities.* An Advisory Client will compete with other potential investors to acquire interests in its targeted investments. Certain of an Advisory Client’s competitors may have greater financial and other resources and may have better access to suitable investment opportunities. There can be no assurance that an Advisory Client will be able to locate and complete suitable investments that satisfy an Advisory Client’s objectives.

*Diversification.* An Advisory Client is under no obligation to diversify its investments, whether by reference to the amount invested, geographic region, industry, asset or transaction type. If an Advisory Client intends to concentrate its investments in certain sectors, such investments are likely to be more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. While diversification is an objective of the Firm,

there is no assurance as to the degree of diversification that will actually be achieved in an Advisory Client's investments. Therefore, a potential investor should only invest in an Advisory Client as part of an overall investment strategy, and only if the investor is able to withstand a total loss of its investment in an Advisory Client.

Given Conversant's investment team's experience in certain core industries and the structural requirements of operating an Advisory Client, an Advisory Client may seek to make investments in a single industry segment, in a limited geographic area, in a single asset type and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of return correlation. As a result of the foregoing, an Advisory Client's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of an Advisory Client's investments, may substantially affect an Advisory Client's aggregate return. In addition to the foregoing, because an Advisory Client is expected to only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could materially affect total returns. If certain investments perform unfavorably, then in order for an Advisory Client to achieve attractive returns, one or more of its other investments must perform very well, and there can be no assurance that this will occur.

*Global Pandemic; Public Health Emergency.* Global pandemics such as Covid 19 and other public health emergencies can cause disruption in the global economy, business and travel disruption and extreme fluctuations in global capital and financial markets. This can lead to significant increases in unemployment levels, a decline in business and consumer confidence and spending, global supply chain issues, inflation, an economic recession in many economies throughout the world and significant increases in federal, state and local deficits and debt. The severity and extent of the impact of a pandemic or public health emergency on the U.S. and global capital and financial markets and economies will depend largely on the duration of the pandemic or health emergency and the policies implemented in connection with restoring business and other activity, all of which are highly uncertain and cannot be predicted. A prolonged period of economic contraction or stagnation can adversely affect a Fund's performance and reduce available investment opportunities. Additional effects may arise that cannot be predicted currently, including the impact of the pandemic on a Fund's service providers, a Fund, the Firm and its affiliates.

*Highly Competitive Market for Investment Opportunities.* The market for attractive investment opportunities in an Advisory Client's target sectors is highly competitive. The number of investors seeking to make investments within an Advisory Client's investment objective may reduce the number of suitable investment opportunities available to an Advisory Client and adversely affect the terms upon which investments can be made. In that regard, an Advisory Client will be competing for investments with other investment funds (including other real estate funds, credit funds, venture capital funds, hedge funds and private equity funds), as well as individuals, companies, financial institutions and other investors. It is possible that competition for appropriate investment opportunities may increase, which may also require an Advisory Client to participate in auctions more frequently than is currently expected. The outcome of these auctions cannot be guaranteed, thus potentially reducing the number of investment opportunities available to an Advisory Client and potentially adversely affecting the terms, including price, upon which investments can be made. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory, political or environmental climate. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. An Advisory Client may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors. There can be no assurance that an Advisory Client will be able to locate, complete and exit investments that satisfy its investment objectives or that an Advisory Client will be able to fully invest its committed capital.

Further, this increased competition may generally limit the number of suitable investment opportunities offered to an Advisory Client or the number of assets that it is able to acquire, and it may also increase the bargaining power of property owners seeking to sell to an Advisory Client, making it more difficult to make new investments on attractive terms.

In addition, over the past several years, many real estate investment funds and publicly traded REITs have been formed

for the purpose of investing in real estate assets, and others have been consolidated or grown substantially in size. Additional real estate funds and publicly traded REITs with similar investment objectives to those of an Advisory Client are likely to be formed in the future by other unrelated parties which would result in increased competition for an Advisory Client.

*Uncertainty Regarding Investments.* Although Conversant intends to conduct appropriate due diligence prior to making an investment, the due diligence process will be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require Conversant to rely on limited resources available to it, including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, it is uncertain whether the due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Conversant also cannot be certain that the due diligence investigation will result in investments being successful.

*Risk Control Framework.* No risk control system is fail safe, and no assurance can be given that any risk control framework designed or used by an Advisory Client or the investment manager will achieve its objective. To the extent that risk controls will be based upon historical pricing patterns for the financial instruments in which an Advisory Client invests and upon pricing models for the behavior of such financial instruments in response to various changes in market conditions, no assurance can be given that such historical patterns will accurately predict future patterns or that such pricing models will necessarily accurately predict the manner in which such financial instruments are priced in financial markets in the future. There is no assurance that the risk control framework employed, if any, will be successful in minimizing losses to an Advisory Client.

*Partial or Total Loss of an Advisory Client's Capital.* There is no assurance that an Advisory Client will achieve its investment or performance objectives, including the achievement of targeted rates of return. The possibility of partial or total loss of capital of an Advisory Client exists, and prospective investors should not invest in an Advisory Client unless they can readily bear the consequences of a complete loss of their investment.

*Cyber Security Breaches and Identity Theft.* Information and technology systems of the Firm, an Advisory Client, the investment manager, underlying investments and their respective service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, the Firm, an Advisory Client, the investment manager and/or an underlying investment may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of such parties and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Firm's, an Advisory Client's, the investment manager's or an underlying investment's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

*Dependence upon the Ability of the Investment Manager.* Under the investment management agreements, the applicable General Partner will delegate to the investment manager the authority to make investment, disposition, and related investment management decisions, including the authority to approve all investments and/or all dispositions made by an Advisory Client, to call capital contributions, and to make or provide reserves. In addition, the applicable General Partner may delegate to the investment manager the authority to manage many of the affairs of an Advisory Client, including, among others, the right to enforce default remedies, responsibility for maintaining an Advisory Client's books and records and producing an Advisory Client's reports and the right to calculate and cause an Advisory Client to make distributions. Investors will generally have no right or power to participate in the management or control of the business of an Advisory Client, and thus must depend solely upon the ability of the investment manager with respect to an Advisory Client's investments. In addition, investors will have no opportunity to evaluate the specific investments made by an Advisory Client. Accordingly, the success and failure of an Advisory Client will depend to a significant extent on the viability and performance of the investment manager.

*Necessity for Counterparty Trading Relationships; Counterparty Risk.* An Advisory Client may establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit an Advisory Client to transact in any variety of markets or asset classes over time; however, there can be no assurance that an Advisory Client will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit an Advisory Client's investment activities, could create losses, preclude an Advisory Client from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and could prevent an Advisory Client from investing at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before an Advisory Client establishes additional relationships could have a significant impact on an Advisory Client's business due to an Advisory Client's reliance on such counterparties.

Many of the markets in which an Advisory Client may effect transactions are not "exchanged-based," including "over-the-counter" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes an Advisory Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, which could cause an Advisory Client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where an Advisory Client has concentrated its transactions with a single or small group of counterparties. Generally, an Advisory Client will not be restricted from dealing with any particular counterparties. The investment manager's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of an Advisory Client's counterparties and the absence of a regulated market to facilitate settlement could increase the potential for losses by an Advisory Client..

*Risk of Certain Events to the General Partner and/or the Investment Manager.* Although an Advisory Client, the investment manager, and the General Partner are separate legal entities, in the event that either the investment manager or the General Partner were to become insolvent and/or subject to liquidation, or if there were a change of control of either of the above, an Advisory Client could nonetheless be adversely affected. In that regard, a bankruptcy or change of control of the General Partner or the investment manager could cause the investment manager to have difficulty retaining personnel, or otherwise adversely affect an Advisory Client and its ability to achieve its investment objective.

*Dependence on Third-Party Administrators.* An Advisory Client will enter into, and will otherwise be bound from time to time with respect to, a services agreement with a third-party administrator. Any such administrator will perform certain administrative, accounting and reporting services for or related to an Advisory Client. An Advisory Client will depend on the services provided by any such administrator in order to comply with certain reporting and other obligations set forth in the Governing Documents. The Firm expects an Advisory Client to engage any such third-party administrator on terms it believes to be reflective of the market for similar service providers and intends to monitor any such administrator and its performance. However, there is no assurance that such administrator will comply with its obligations to an Advisory Client or that an Advisory Client will be able to recover in full any damages caused by any failure of such administrator to comply with such obligations, including as a result of such administrator's bankruptcy, lack of liquidity, operational failure or otherwise. Investors will not have the ability to bring a direct claim against any such administrator and, to the extent that such administrator is performing obligations of the Firm or its affiliates, the Governing Documents include exculpation and indemnification provisions that will limit the circumstances under which the Firm and its affiliates can be held liable to an Advisory Client. An Advisory Client will pay all fees payable to any such administrator with respect to the services for or related to an Advisory Client. In addition to the payment of the fees, an Advisory Client will reimburse any such administrator for any out-of-pocket expenses and other amounts agreed to with such administrator. Under the administrative services agreement, an Advisory Client will agree to indemnify and hold harmless any such administrator and its related parties. All such fees and expenses generally will be an expense of an Advisory Client as a whole and therefore borne by all investors *pro rata* in accordance with the Governing Documents. In addition, although the Firm will delegate certain responsibilities to a third-party administrator, certain other administrative, accounting and reporting services are still expected to be performed by the Firm and its affiliates.

*Co-investment.* Where appropriate and feasible, and subject to and in accordance with the terms of the Governing

Documents, Conversant's investment allocation policy in effect as of the date of the applicable investment, any applicable Governing Documents and other contractual obligations of Conversant or an Advisory Client (collectively, the "Co-investment Obligations"), Conversant may offer some or all of the investors and/or any other persons opportunities to co-invest in investments in which an Advisory Client is investing. Subject to the Co-investment Obligations, investors and/or other persons may make such co-investments on terms and conditions that are materially different from each other and those of the investment by an Advisory Client, and these terms may be more or less favorable to such investors and/or other persons, including with respect to fees, expenses, carried interest, and other material terms. Certain investors and other persons participating in a co-investment opportunity are expected to be charged carried interest, management fees or other fees in connection therewith.

In addition, in certain instances the Firm will evaluate investment opportunities that, if consummated, the Firm would likely offer in part to prospective co-investors. If such a potential investment is not consummated, unless otherwise agreed by the applicable prospective co-investors, the full amount of any expenses relating to such potential but unconsummated investment and co-investment will, to the extent permitted by applicable law, be borne entirely by an Advisory Client rather than by any other prospective co-investors.

## **RISKS ASSOCIATED WITH SPECIFIC INVESTMENTS**

*General Real Estate Risks.* An Advisory Client should expect to have significant exposure to real estate. All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit an Advisory Client's ability to vary an Advisory Client's portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by an Advisory Client will not decrease in the future or that an Advisory Client will recognize full value for any investment that an Advisory Client is required to sell for liquidity reasons. In addition, the ability of an Advisory Client to realize anticipated rental and interest income on its equity and debt investments will depend, among other factors, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. Other risks include changes in zoning, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage loans, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of an Advisory Client's management.

*Market Risk; Downturn in the Real Estate Industry.* investments in real estate and real estate-related entities are subject to various risks, including, for example, adverse changes in national and international economic and geopolitical conditions, local market conditions and the financial conditions of tenants; changes in the number of buyers and sellers of properties; increases in the availability of supply of property relative to demand; changes in availability of financing; increases in interest rates, real estate tax rates, energy prices, and other operating expenses; changes in environmental laws and regulations, zoning laws and other governmental rules and policies; changes in the relative popularity of properties; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsurable losses and other factors which are beyond the control of an Advisory Client. In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values. All of these factors could reduce or extinguish anticipated returns of capital and internal rate of return with respect to the investments.

*Investment Performance.* An Advisory Client should expect to make real estate investments based upon analyses of current returns and estimates and projections of internal rates of return that may be available in potential investments. Investors have no assurance that an Advisory Client's investments will yield the returns expected by an Advisory Client's management. It is possible that an Advisory Client will not be able to acquire assets at favorable prices or on favorable terms and conditions, thereby reducing expected returns. Acquisitions and debt investments entail risks that

investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to standards established for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new real estate investment. An Advisory Client may not be successful in identifying suitable assets that meet its investment criteria or in consummating acquisitions or investments on satisfactory terms. Failures in identifying or consummating investments on satisfactory terms could reduce the number of investments that are completed and slow an Advisory Client's growth. In addition, subsequent to an Advisory Client's acquisition of a particular investment, management may adjust targeted returns to reflect changes in market conditions. There can be no assurance that an Advisory Client will make a profit on its investments or recover any part of its invested capital during any anticipated period of time.

*Investments in Certain Jurisdictions.* An Advisory Client may invest a portion of the aggregate amount of capital commitments outside the U.S. and Canada. The legal systems of some countries in which an Advisory Client may invest lack transparency or could limit the protections available to foreign investors, and an Advisory Client's investments may be subject to nationalization and confiscation without fair compensation. Real estate and real estate-related investing in developing countries involves certain factors not typically associated with investing in real estate and real estate-related investments in more developed countries, including a number of risks, which may include, among other things: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which an Advisory Client's non-U.S. investments are denominated, fluctuations and costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, shareholder rights and other matters; (iii) differences between U.S. and foreign securities, financing and real estate markets, including potentially higher price volatility, different interest rates and relative illiquidity of some markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and differences in government supervision and regulation; (v) certain economic, social and political risks, including potential exchange-control regulations, potential restrictions on non-U.S. investment by U.S. firms and repatriation of capital, the risks associated with political, economic or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation or the imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sales or dispositions proceeds, and adverse economic and political developments; (vi) the possible imposition of non-U.S. taxes on income and gains and gross sales or other proceeds recognized with respect to such investments; (vii) differing and potentially less well developed or well tested corporate and intellectual property laws, including those regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties, investor protections and intellectual property owner protections; (viii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance, including potential currency control regulations, and potential restrictions on investment and repatriation of capital; (ix) political hostility to investments by foreign or private equity investors; and (x) less publicly available information.

While an Advisory Client intends, where deemed appropriate, to manage an Advisory Client in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of an Advisory Client that are in or subject to the laws of those countries or the value or realization of an Advisory Client's investments.

*Climate Change Risk.* An Advisory Client may acquire investments that are subject to climate change risk. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on an Advisory Client's business and operations. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); sea level rise; and extreme temperatures. As a result of these physical impacts from climate-related events, an Advisory Client may be vulnerable to the following: risks of property damage to the investments; indirect financial and operational impacts from disruptions to the operations of the investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage, for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for the products and services of the investments; increased insurance claims and liabilities; increase in energy cost impacting operational returns; changes in the availability or

quality of water or other natural resources on which the business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment and economic disruptions resulting from the foregoing. Moreover, if the evidence supporting climate change continues to grow, various government entities may enact more restrictive environmental regulations.

*Risks Associated with Office Properties.* An Advisory Client may make investments in the office properties sector. In addition to the general risk that tenants may be unable to make their lease payments, office properties may be especially affected by: (i) an economic decline in the business operated by the tenants; (ii) the physical attributes of the property and the adaptability of the property with respect to the technological needs of the tenants; (iii) the strength and nature of the local economy, including labor costs and quality, tax environment and quality of life for employees; (iv) patterns of telecommuting or sharing of office space, (v) the proximity of the office to highways and public transport and other means for the transportation of goods, and (vi) employment growth (which creates demand for office space). Moreover, the cost of refitting office space for a new tenant is often higher than the cost of refitting other types of properties for new tenants. Because of the unique construction requirements of these properties, if the current lease is terminated or not renewed, an Advisory Client may be required to renovate the property or to make rent concessions in order to lease the property to another tenant or sell the property. In addition, an Advisory Client may have difficulty selling the property to a party other than the tenant due to the special purpose for which the property may have been designed. These and other limitations may affect an Advisory Client's ability to sell or re-lease office properties and may adversely affect returns to investors. If the real estate asset is a single tenant building, risks associated with that tenant's financial wherewithal and potential default will be more pronounced than in a multi-tenant building.

*Risks Associated with Senior Housing Properties.* An Advisory Client may make investments in the senior housing sector. If the senior housing industry experiences a downturn, it could adversely affect the value of the investments and an Advisory Client's ability to sell its investments for a price or on terms favorable to an Advisory Client and its investors, which, in turn, could have a material adverse effect on an Advisory Client's financial condition, results of operations and an Advisory Client's ability to make distributions. In particular, private-pay senior housing is a competitive segment of the senior housing industry. Large healthcare REITs may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. These and other factors could cause the amount of an Advisory Client's revenue generated by private payment sources to decline or the operating expenses associated with the investments to increase.

The health care industry is facing various challenges, including increased government and private payor pressure on health care providers to control costs and the vertical and horizontal consolidation of health care providers. This trend is likely to lead to reduced or slower growth in reimbursement for services provided by an Advisory Client's facility managers at any of an Advisory Client's senior housing facilities and could therefore result in reduced profitability. Additionally, the health care industry is highly regulated, and changes in government regulation and reimbursement in the past have had material adverse consequences on the industry in general.

Senior housing properties may be managed by or leased to third-party managers. Any adverse developments in a local manager's business and affairs, financial strength or ability to operate an Advisory Client's senior housing facilities efficiently and effectively, could have a material adverse effect on an Advisory Client's investment results. For example, facility managers utilized by an Advisory Client to operate senior housing investments may be subject to claims that their services have resulted in resident injury or other adverse effects. The insurance coverage that will be maintained by such facility managers, whether through commercial insurance or self-insurance, may not cover all claims made against them or continue to be available at a reasonable cost, if at all. These increased costs could limit the facility manager's ability to meet their obligations to an Advisory Client, potentially decreasing an Advisory Client's revenue and increasing its collection and litigation costs. Additionally, failure of an Advisory Client's senior housing facility managers to comply with licensing and certification requirements, the requirements of governmental programs, fraud and abuse regulations or new legislative developments may also materially adversely affect the investments, financial condition and results of operations and an Advisory Client's ability to make distributions. To the extent an Advisory Client is required to remove or replace a facility manager, an Advisory Client's revenue from

the affected facility could be reduced or eliminated for an extended period of time. In addition, investments in the senior housing sector could be particularly affected by a disease epidemic or pandemic and are also exposed to the same risks as investments in multifamily residential properties.

*Risks Associated with Multifamily Residential Real Estate.* An Advisory Client's investments may include multifamily residential investments or companies with significant exposure to multifamily residential investments, the performance of which is subject to many of the risks associated with owning and operating other types of real estate. In addition, competition in the residential real estate marketplace is strong. There are numerous housing alternatives which compete with multifamily properties in attracting residents. These include other multifamily condominium and rental apartments, and single-family homes that are available for purchase or rent in the relevant market. A large number of factors may adversely affect the value and successful operation of a multifamily property, including: physical attributes of the apartment building, such as its age, condition, design, appearance, access to transportation, and construction quality; location of the property, for example, a change in the neighborhoods over time; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, which may encourage tenants to purchase rather than lease housing; presence of competing properties; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local military base; governmental programs that provide rent subsidies to tenants pursuant to tenant voucher programs, which vouchers may be used at other properties and influence tenant mobility; adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; U.S. federal, state, and local regulations, which may affect the building owner's ability to increase rent to market rent for an equivalent apartment; and government assistance/rent subsidy programs. If the demand for multifamily properties is reduced, or if competitors develop and/or acquire competing properties on a more cost-effective basis, income generated from such investments and the underlying value of such investments may be adversely affected.

In addition, certain jurisdictions regulate the relationship of an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees, and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions, and restrictions on a resident's choice of unit vendors. Apartment building owners have been the subject of lawsuits under various "Landlord and Tenant Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. A few jurisdictions may offer more significant protection. For example, there may be provisions that limit the bases on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration.

*Risks Associated with Single-Family Residential Real Estate.* An Advisory Client's investments may include investments in single-family residential rental properties. Such investments generally will be subject to all the risks attendant upon the ownership and operation of other real estate assets, particularly those relating to residential real estate assets discussed herein. In addition to such risks, the single-family rental sector is also subject to risks relating to the inventory of unsold homes in the local market that are being rented until economic conditions in the residential market improve. At present, the institutional single-family rental industry is still evolving, with relatively few participants, and its long-term viability has not yet been fully demonstrated. Rental housing properties, whether single-family or otherwise, are part of a market that, in general, is characterized by low barriers to entry. Thus, a particular rental housing property market with historically low vacancies could experience substantial new construction and a resultant oversupply of rental units within a relatively short period of time. Because rental housing properties are typically leased on a short-term basis, the tenants residing at a particular property may easily move to alternative properties with more desirable amenities or locations, or available for lower rent. Although not expected to be the primary investment strategy of an Advisory Client, an Advisory Client may acquire existing homes that are occupied by renters. An Advisory Client may not have the opportunity to evaluate the qualifications of these renters prior to purchase of the homes in which the renters reside. In addition, certain members of Congress have proposed various

forms of legislation that would impose taxes or tax penalties on the ownership of, or transactions involving, single-family residential properties by private equity sponsors, including by instituting a U.S. federal real estate transfer tax on institutional investors and private equity firms that purchase single-family homes on the open market or imposing a U.S. federal tax penalty for each single-family home owned by a single company and its affiliates over 100 homes. If any of the applicable risk factors relating to owning single-family residential properties are heightened or the conditions associated with such risk factors deteriorate, or if proposed legislation intended to penalize private equity ownership of single-family residential properties is enacted, an Advisory Client's investments in such properties or in the owners and operators of such properties may incur losses.

*Risks Associated with Retail Properties.* An Advisory Client's investments may include investments in retail properties or companies with significant exposure to retail properties, the performance of which is subject to many of the risks associated with owning and operating other types of real estate. In addition, retail properties may be subject to special risks. For example, in many cases, the tenants of retail properties may negotiate leases containing certain exclusive rights to sell particular types of merchandise or services within a particular retail center. When leasing other space after vacancy by another tenant, these provisions may limit the number and types of prospective tenants for the vacant space.

*Risks Associated with Industrial and Logistics Real Estate.* An Advisory Client's investments may include investments in industrial and logistics properties or companies with significant exposure to industrial and logistics properties. Significant factors impacting the value of industrial and logistics properties include, among other things, the quality of tenants, a reduced demand for industrial space because of a decline in a particular industry segment, property becoming functionally obsolete, building design and adaptability, changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors, changes in proximity of supply sources, the expenses of converting a previously adapted space to general use, and the location of the property (including the availability of labor sources, proximity to supply sources and customers and accessibility to rail lines, major roadways, ports and other distribution channels). Concerns about the quality of tenants, particularly major tenants, are similar in both office properties and industrial/logistics properties, although industrial and logistics properties may be more frequently dependent on a single or a few tenants. Lease terms with respect to industrial and logistics properties are generally for shorter periods of time and may result in a substantial percentage of leases expiring in the same year at any particular property. In addition, properties used for many industrial or logistics purposes are generally more prone to environmental concerns than other property types.

If the real estate asset is a single tenant building, risks associated with that tenant's financial wherewithal and potential default will be more pronounced than in a multi-tenant building. Moreover, because of unique construction requirements of many industrial and logistics properties, a particular industrial or warehouse property that suited the needs of its original tenant may be difficult to re-let to another tenant or may become functionally obsolete relative to newer properties. Thus, if the operation of an industrial property becomes unprofitable due to competition, age of the improvements or other factors, the liquidation value of that industrial property may be substantially less than would be the case if the property were readily adaptable to other uses, and an Advisory Client's investments in such property may accordingly incur losses. Further, an Advisory Client may invest in cold storage facilities, which may have unique risks such as short lease terms due to seasonal use, making income potentially more volatile than for properties with longer term leases, and customized refrigeration design, rendering such facilities less readily convertible to alternative uses.

*Risks Associated with Travel and Leisure investments.* An Advisory Client may make investments involved in travel and leisure businesses, including travel agencies and hotel booking services. The travel and leisure industry is challenged by factors including cyclicalities, changing macro-economic conditions in the United States and globally, intense competition, susceptibility to natural or man-made disasters, such as fires, earthquakes or floods, large capital requirements and the introduction of new, competing resorts, properties or other leisure activities. Moreover, a decline in regional, national or international economic conditions or any other factors that cause a decline in potential customers' discretionary income, as well as pandemics (including the COVID-19 pandemic) and related containment efforts, could materially adversely affect the performance of travel and leisure investments. Finally, travel and leisure businesses may be highly dependent on the perceived and actual safety of air travel and the frequency of air travel in

the United States and abroad.

*Risks Associated with Hospitality Properties.* investments may include investments in hospitality properties or companies with significant exposure to hospitality properties. Hospitality properties are affected by various factors, including: location; quality; management ability; amenities; franchise affiliation (or lack thereof); continuing expenditures for modernizing, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives; a deterioration in the financial strength or managerial capabilities of the owner and operator of a hotel; changes in travel patterns caused by changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors; adverse economic conditions, either local, regional or national, which may limit the amount that may be charged for a room and may result in a reduction in occupancy levels; and construction of competing hotels or motels, which may also limit the amount that may be charged for a room and may result in a reduction in occupancy levels.

*Risks Associated with Self-Storage Properties.* An Advisory Client may make investments in self-storage properties or companies with significant exposure to self-storage properties. The self-storage market generally has low barriers to entry, and in combination with the short-term nature of leases for self-storage space, results in volatility in terms of supply and demand that is likely greater than that experienced with respect to other types of properties. It may be difficult or costly to convert a self-storage facility to an alternative use, which results in a lower liquidation value than would be the case if the property were easily adaptable to alternative uses. Self-storage facilities may pose additional risks, in part due to tenant privacy, anonymity and unsupervised access to the property.

*Risks Associated with Investments in REITs.* An Advisory Client may make certain investments in or through REITs. REIT investments subject an Advisory Client to many of the risks associated with direct ownership of real estate, such as losses from casualty, condemnation or mismanagement, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. In addition, an Advisory Client's REIT investments may subject an Advisory Client to certain tax risks. In general, REITs are not subject to U.S. federal and most state income taxes, provided they comply with the requirements for qualification and taxation as a REIT. If a REIT in which an Advisory Client invests fails to meet the relevant qualification tests, such REIT may lose its qualification as a REIT, in which case it would be subject to U.S. federal (and applicable state) income taxes as a regular corporation (or such REIT may be required to pay penalty taxes in order to retain its qualification as a REIT, if certain "reasonable cause" exceptions are available), which generally would adversely affect an Advisory Client.

*Public Company Securities.* An Advisory Client may hold securities traded on public markets, including without limitation publicly traded securities of REITs, real estate operating companies and other real estate-related companies, or take private real estate companies public. investments in such securities may involve different risks than those associated with investments in securities that are not traded on public markets. Among those risks are (a) increased disclosure requirements, (b) greater volatility, (c) increased likelihood of shareholder litigation, (d) restrictions on timing of disposition and (e) increased compliance costs.

In the event that an Advisory Client invests in distressed public securities, among the problems involved in such investments is the fact that it may be difficult to obtain timely and sufficient information as to the conditions of such troubled issuers. The market prices of such securities are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected. It may take a number of years for the market price of such securities to reflect their intrinsic value and therefore may impact the valuation of an investment.

*Investments in PIPES.* An Advisory Client may invest in privately sourced and structured convertible and equity-linked securities of public companies ("PIPES"). PIPES may offer the opportunity for significant gains, but also involve a high degree of risk, including the complete loss of capital. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional invested capital to support expansion or to achieve or maintain a competitive position.

*Preferred Securities Risk.* Investments in preferred stocks, trust preferred securities and other preferred securities involve certain risks. Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. In addition, preferred securities often may be redeemed in the event of certain tax or legal changes or at the issuer's option. In the event of a redemption, an Advisory Client may not be able to reinvest the proceeds at comparable rates of return. If an Advisory Client owns a preferred security that is deferring its distributions, an Advisory Client may be required to report income for tax purposes although it has not yet received cash payments in respect of such income. Preferred securities are subordinated to bonds and other debt securities in an issuer's capital structure—in terms of priority for corporate income and liquidation payments—and, therefore, are subject to greater credit risk than debt securities. Preferred securities may trade less frequently and in a more limited volume and may be subject to more abrupt or erratic price movements than other securities, such as common stocks, corporate debt securities and U.S. government securities.

*Credit Risk.* An Advisory Client's credit-related assets may be subject to credit risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on a security or other instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt instruments that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such instrument.

*Issuer Risks and Risk of Loss of Certain Investments.* The issuers of securities, loans and other financial instruments acquired by an Advisory Client will sometimes involve a high degree of business and financial risk. These companies may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion, or to maintain their competitive position, or may otherwise have a weak financial condition.

In addition, an Advisory Client may invest in financial instruments that are below investment grade. Analysis of the creditworthiness of lower-rated instruments is complex and such instruments are often more susceptible to real or perceived adverse economic and competitive industry conditions than investment grade instruments. For example, investor perception and adverse publicity, whether or not based on fundamental analysis, may decrease the value and liquidity of lower-rated instruments, especially given the typically thinly traded market in such instruments.

An Advisory Client may invest in securities, loans and other financial instruments that may be deemed by rating agencies to have substantial vulnerability to default in payment of interest and principal. Other securities, loans and financial instruments may have the lowest quality ratings, indicating that payments are already in default, that a bankruptcy petition has been filed with respect to the related issuer, or that the related issuer is regarded as having extremely poor prospects for being able to meet its financial obligations.

Investors should recognize that the lower rated and unrated securities, loans and other financial instruments in which an Advisory Client invests have large uncertainties or major risk exposure to adverse conditions and are considered to be predominantly speculative. Generally, such securities, loans and other financial instruments offer a higher return potential than higher rated securities, loans and other financial instruments but involve greater volatility of price and greater risk of loss of income and principal, including the possibility of default or bankruptcy of the issuers of such securities, loans and other financial instruments.

The market values of certain of these securities, loans and other financial instruments also tend to be more sensitive to changes in economic conditions than higher rated securities, loans and other financial instruments. In addition, an Advisory Client may incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of principal or interest on its investments.

*Illiquidity of Investments.* The market value of investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of investments. In addition, the lack of an established, liquid

secondary market for many investments may have an adverse effect on the market value of those investments and on an Advisory Client's ability to dispose of them. Additionally, some investments may be subject to certain other transfer restrictions that may contribute to illiquidity. Also, investments constituting a control position will be subject to additional transfer restrictions under federal securities and other laws by virtue of such control position which will further contribute to illiquidity. Therefore, no assurance can be given that, if an Advisory Client decides to dispose of a particular investment, it will be able to dispose of such investment at the prevailing market price or at a price consistent with the valuation of such investment as determined by the Firm.

*Special Situation Investments.* An Advisory Client may invest in companies undergoing significant economic and corporate change. Because of the inherently speculative nature of this activity, the results of an Advisory Client's operations may fluctuate from month to month and from period to period. The returns generated from such an investment program may not adequately compensate investors for the business and financial risk assumed. An Advisory Client's investments may be adversely affected by changes in economic conditions or political events that are beyond its control.

*Debt Securities.* An Advisory Client may invest in debt securities which may be low-rated or unrated by a recognized credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities, due to a possible default by, or bankruptcy of, the issuers of the securities. An Advisory Client may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. An Advisory Client may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. An Advisory Client may invest in distressed debt securities which are subject to the significant risk of the issuer's inability to meet principal and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk (market risk). An Advisory Client will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Furthermore, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments.

*Distressed Securities.* An Advisory Client may invest in securities and/or other investment instruments of issuers that are experiencing significant financial or business difficulties, including issuers involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to an Advisory Client, they involve a substantial degree of risk. Any one or all of the issuers of the securities or other investment instruments in which an Advisory Client may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in issuers experiencing significant business and financial difficulties is unusually high. There is no assurance that the investment manager will correctly evaluate the value of the assets collateralizing an Advisory Client's investment in loans or other debt instruments or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to an issuer in which an Advisory Client invests, an Advisory Client may lose its entire investment, may be required to accept cash, securities or other instruments with a value less than an Advisory Client's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from an Advisory Client's investments may not compensate the investors adequately for the risks assumed.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the investment manager. To the extent that the investment manager becomes involved in such proceedings, an Advisory Client may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, involvement by the investment manager in an issuer's reorganization proceedings could result in the imposition of restrictions limiting an Advisory Client's ability to liquidate its position in the issuer.

An Advisory Client may invest in bonds or other fixed income investments, including, without limitation, debt

securities that can yield higher returns (and, therefore, may be subject to higher risk), when the investment manager believes that such investments offer opportunities for capital growth. Such investments may be below “investment grade” and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer’s inability to meet timely interest and principal payments. The market values of certain of these lower rated debt investments tend to reflect individual corporate developments to a greater extent than do higher rated debt investments, which react primarily to fluctuations in the general level of interest rates. It is likely that a major economic recession could have a materially adverse impact on the value of such investments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of investments rated below investment grade.

*Investments in DIP Loans; Risks Associated with Bankruptcy.* An Advisory Client may make investments in interests in loans issued by issuers that are in bankruptcy (i.e., debtor-in-possession (“DIP”) loans). These investments are highly risky, as there are a number of significant risks inherent in the bankruptcy process. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of an Advisory Client. Furthermore, there are instances where creditors and equity holders lose their ranking and priority such as when they take over management and functional operating control of a debtor. In those cases where an Advisory Client, by virtue of such action, is found to exercise “domination and control” of a debtor, an Advisory Client may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by an Advisory Client.

A bankruptcy filing may have an adverse effect on an investment, as the company or entity in which an Advisory Client invests may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason the proceeding is converted to a liquidation, the liquidation value of the entity may not equal the liquidation value that was believed to exist at the time of the investment. In addition, the duration of a bankruptcy proceeding is difficult to predict and the administrative costs in connection with a bankruptcy proceeding are frequently high. A creditor’s return on investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective. Administrative costs will be paid out of the debtor’s estate prior to any return to creditors (other than out of assets or proceeds thereof, which are subject to valid and enforceable liens and other security interests) and equity holders. In addition, certain claims that have priority by law over the claims of certain creditors (e.g., claims for taxes) may be quite high. U.S. bankruptcy law permits the classification of “substantially similar” claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that an Advisory Client’s influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in the class.

*Short Sales.* Short sales by an Advisory Client that are not made “against the box” (i.e., paired with an equivalent long position) create opportunities to increase an Advisory Client’s return but, at the same time, involve special risk considerations and may be considered a speculative technique. Since an Advisory Client profits from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale, the value of such investments will tend to increase more when the securities an Advisory Client has sold short decrease in value, and to decrease more when the securities an Advisory Client has sold short increase in value, than otherwise would be the case if it had not engaged in such short sales. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may increase continuously, although an Advisory Client may mitigate such losses by closing the short position (i.e., replacing the securities sold short before the market price has increased significantly). Under adverse market conditions an Advisory Client might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales. Short sales may be used with the intent of hedging against the risk of declines in the market value of an Advisory Client’s long portfolio, but there can be no assurance that such hedging operations will be successful.

*Derivative Instruments.* The investment manager may use various derivative instruments, including futures, options,

forward contracts, swaps and other derivatives that may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. The use of derivative instruments presents various risks, including the following:

*Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the investment manager from achieving the intended hedging effect or expose an Advisory Client to the risk of loss.

*Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the investment manager may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges on which the investment manager may conduct its transactions in certain derivative instruments may prevent prompt liquidation of positions, subjecting an Advisory Client to the potential of greater losses.

*Leverage* – Trading in derivative instruments can result in large amounts of synthetic leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by an Advisory Client and could cause the value of investments to be subject to wider fluctuations than would be the case if the investment manager did not use derivative instruments that provide leverage.

*Over-the-Counter-Trading* – Derivative instruments that may be purchased or sold by the investment manager include instruments not traded on an exchange. Over-the-counter (“OTC”) options, unlike exchanged-traded options, are bilateral contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the investment manager can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

*Options.* The successful use of options depends on the ability of the investment manager to forecast interest rate and market movements correctly. In addition, when it purchases an option, an Advisory Client runs the risk that it will lose its entire investment in the option in a relatively short period of time, unless an Advisory Client exercises the option or enters into a closing transaction with respect to the option during the life of the option. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, an Advisory Client will lose part or all of its investment in the option. Although an Advisory Client will take an option position only if the investment manager believes there is a liquid secondary market for the option, there is no assurance that an Advisory Client will be able to affect closing transactions at any particular time or at any acceptable price. In the event of the bankruptcy of a broker through which an Advisory Client engages in transactions in options, an Advisory Client could experience delays and/or losses in liquidating open positions purchased or sold through the broker.

*Structured Finance Transactions and Obligations.* The value of certain structured finance and other transactions in which an Advisory Client invests may be particularly sensitive to changes in prevailing interest rates, and the ability of an Advisory Client to successfully utilize these instruments may depend in part on the ability of the investment manager to forecast interest rates and other economic data correctly. Structured finance obligations may be subject to prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may depend upon any associated hedge agreement providing for the exchange of interest accruing on the security being repackaged into interest stated to be payable on the trust certificates or similar securities). In addition, the performance of a structured finance obligation will be affected by a variety of factors, including the level and timing of payments and recoveries on and the characteristics of the underlying repackaged securities, remoteness of those assets from the originator or transferor and the adequacy of and ability to realize upon any related collateral. Moreover, to the extent

that an Advisory Client invests in non-U.S. debt obligations, it will be subject to additional risks and considerations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of the control of the investment manager. The value of certain structured finance and other transactions in which an Advisory Client invests may be particularly sensitive to changes in prevailing interest rates and the ability of an Advisory Client to successfully utilize these instruments may depend in part on the ability of the investment manager to forecast interest rates and other economic data correctly.

*Structured Notes.* Structured notes, variable rate mortgage-backed and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

*Mortgage-Backed and Asset-Backed Securities.* Mortgage-backed securities represent an interest in a pool of mortgages. When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of mortgage-backed securities decline and prepayments slow, which lengthens the effective maturities of these securities. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include, but are not limited to, such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited.

*Exit Strategies.* Due to the illiquid nature of many of the positions which an Advisory Client may acquire, as well as the uncertainties of the reorganization and active management process, the investment manager is unable to predict with confidence what the exit strategy will ultimately be for any given core position, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

*Hedging Transactions.* An Advisory Client may from time to time purchase or sell forwards, swaps or options on currencies, securities and indices. It may be the intention of an Advisory Client to engage in such transactions as a way to mitigate risk associated with its investments; however, it generally is impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on an Advisory Client's investments. This may lead to losses on both an Advisory Client's investment and the related transaction. Conversely, there will be times in which an Advisory Client believes that it is not advisable to enter into hedging transactions; accordingly, an Advisory Client may be exposed to fluctuations in currencies and other market conditions specific to the underlying asset. The success of an Advisory Client's hedging transactions will be subject to its ability to predict correlations between the value of the portfolio's assets and the direction of currency exchange rates, interest rates and securities prices. Therefore, while an Advisory Client may enter into such transactions to seek to reduce currency exchange rate, interest rate or securities value risks, unanticipated changes in currency exchange or interest rates may result in a poorer overall performance for an Advisory Client than if it had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

*Non-U.S. Currencies and Investments.* Investing in non-U.S. issuers involves certain considerations comprising both risks and opportunities not typically associated with investing in U.S. issuers. These considerations include changes in exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of an Advisory Client's investments will be U.S. dollar denominated, investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or

more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. The investment manager intends, but is under no obligation, to employ hedging techniques to minimize these risks, but there can be no assurance that such strategies will be effective.

*Risks Associated with Commercial Property Loans.* Investments related to real estate may include loans, participations in loans or securities in which underlying performance depends on loans made with respect to a variety of commercial real estate. Such investments are subject to normal credit risks as well as those generally not associated with traditional debt securities. The ability of the borrowers to repay the investments will typically depend upon the successful operation of the related real estate project and the availability of financing. Any factors which affect the ability of the project to generate sufficient cash flow could have a material effect on the value of the investments. Such factors include, but are not limited to, (a) the uncertainty of cash flow to meet fixed obligations, (b) adverse changes in general and local economic conditions, including interest rates and local market conditions, (c) tenant credit risks, (d) the unavailability of financing, which may make the operation, sale, or refinancing of a property difficult or unattractive, (e) vacancy and occupancy rates, (f) construction and operating costs, (g) regulatory requirements, including zoning, rent control and real and personal property tax laws, rates and assessments, (h) environmental concerns, (i) project and borrower diversification, (j) vandalism (with attendant security costs) and (k) uninsured losses. In addition, commercial properties often involve a single user or tenant, or relatively few tenants. Commercial property specification may be tailored to the requirements of particular users or tenants and accordingly, it may be difficult, costly and time consuming to liquidate such properties or attract new tenants. Security underlying such investments will generally be in a junior or subordinate position to senior financing. In certain circumstances, in order to protect its investment, an Advisory Client may decide to repay all or a portion of the senior indebtedness relating to such investment or to cure defaults with respect to such senior indebtedness. In a bankruptcy of a borrower, such investments are expected to have a priority greater than other general creditors of the borrower but less than senior secured creditors. In addition to repayment risks, there may be restrictions on enforcement rights prior to maturity or foreclosure of the senior position resulting in an Advisory Client's inability to realize upon or control the underlying assets.

*Risks Associated with Equity Ownership in Real Estate.* In certain circumstances an Advisory Client may determine to foreclose on its security with respect to real estate debt investments, which could result in an Advisory Client holding an equity position in a property-owning entity. In such a case, an Advisory Client's interests will be subordinated to both general and secured creditors of the asset. This subordination could increase an Advisory Client's risk of loss. Moreover, acquisition of equity interests involves certain risks not present in investments in real property loans or direct property ownership. For example, there is the possibility that other equity owners may have economic or business interests or goals which are inconsistent with those of an Advisory Client. In addition, the foreclosure process is often lengthy and expensive. The borrower may resist foreclosure actions by asserting numerous claims, counterclaims and defenses against an Advisory Client in an effort to prolong the foreclosure action and force an Advisory Client into a modification of the loan or a favorable buy-out of the borrower's position. In some U.S. states, foreclosure actions can sometimes take several years to litigate. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Additionally, if an Advisory Client determines to foreclose on its security with respect to such investment, an Advisory Client may as a result have a controlling interest in such investment in a real estate company. The acquisition of control or the exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, pension plan liabilities, violation of government regulations (including securities laws) or other types of liability which the limited liability characteristic of business ownership may be ignored. The acquisition of control or the exercise of control and/or significant influence over an investment could expose the assets of an Advisory Client to claims by such investment, its security holders and its creditors.

Moreover, if an Advisory Client holds equity positions as investments, the holding period for such investments may be uncertain. An Advisory Client may be forced to liquidate such investments on terms less favorable than anticipated and the proceeds from such investments may be materially and adversely affected. Additionally, in order to protect

such equity investments, it may be increasingly likely that additional funds will be necessary and an Advisory Client's investment team may need to dedicate a disproportionate amount of time and attention to the management of such investments. Such equity investments may be in troubled assets and there can be no assurance that an Advisory Client's return objectives will be realized or that there will be any return of capital with respect to such investments. Further, such investments may require the investment manager to utilize additional resources to assist with such management, with the aim of recovering capital from such investments rather than pursuing an early liquidation.

*Real Estate Litigation Risks.* The acquisition, ownership and disposition of real properties carry certain litigation risks, which could result in losses to the investments. Litigation may be commenced with respect to a property acquired by an Advisory Client in relation to activities that took place prior to an Advisory Client's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of an Advisory Client's efforts to maximize sale proceeds. Similarly, successful buyers may later sue an Advisory Client under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence. An Advisory Client may also be exposed to litigation resulting from the activities of tenants or their customers.

*Potential Environmental Liability.* Real estate assets are subject to numerous statutes, rules and regulations relating to environmental protection. There is the possibility of existing or future environmental contamination, including soil and groundwater contamination, as a result of the spillage of hazardous materials or other pollutants. Under various environmental statutes, rules and regulations of the appropriate jurisdiction, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability whether or not the owner or operator knew of or was responsible for, the presence of hazardous materials. Environmental statutes, rules and regulations can also change or a condition of a real estate asset can change and lead to liabilities or obligations that did not exist or were not foreseen at the time an investment was made. The presence of hazardous materials on a property could also result in personal injury, property damage or similar claims by private parties. The cost of any required remediation and the owner's liability therefor as to any property is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect an Advisory Client's ability to sell real estate it acquires, either as an equity investment or through foreclosure on a loan investment, or to borrow using such property as collateral.

*Investments in Sports and Entertainment Facilities.* An Advisory Client may make investments in sports and entertainment facilities, such as movie theatres, amusement parks, sports / music venues and fitness facilities, generally depend upon discretionary spending by consumers. A reduction in the willingness or ability of consumers to use their discretionary income in such businesses could reduce the demand for such space. Furthermore, a downturn in the economy could cause consumers to reduce their discretionary spending, which may have a material adverse effect on the business, financial condition, results of operations or liquidity of such investments. In addition, properties such as sports centers, amusement parks and movie theatres depend in large part on customer traffic, and conditions caused by epidemics, pandemics or other outbreaks of an illness, disease or virus that lead to a decline in customer traffic will have a material and adverse impact on those businesses. Epidemics, pandemics or other outbreaks of an illness, disease or virus could also cause employees, tenants, vendors or other businesses in or adjacent to any sports or entertainment facility investments to avoid reporting for work at their respective places of employment, which could adversely affect an Advisory Client's ability to manage such investments.

*Investments in the Gaming Industry and Sports Betting.* An Advisory Client may make investments in real money gaming and fantasy sports and sports betting, including real estate associated with gaming facilities, which are subject to risks, including changes in consumer trends, the impact of gaming regulations on tenants, reductions in discretionary consumer spending and corporate spending on conventions and business development and preferences, changes in laws or foreign monetary policies that impact consumer behavior, and other factors over which an Advisory Client has no control. investments in real estate associated with gaming may be affected by economic contraction, economic uncertainty or the perception by potential customers of weak or weakening economic conditions, which may cause a

decline in demand for hotels, casino resorts, trade shows and conventions, and by risks relating to the tourism industry for the geographic areas in which such properties are located, including cost and availability of air services or other travel methods.

The gaming industry is characterized by a high degree of competition among a large number of participants, including riverboat casinos, dockside casinos, land-based casinos, video lottery, sweepstakes and poker machines not located in casinos, Native American gaming, internet lotteries and other internet wagering gaming services and, in a broader sense, gaming operators face competition from all manner of leisure and entertainment activities. Recently, there has been additional significant competition in the gaming industry as a result of the upgrading or expansion of facilities by existing market participants, the entrance of new gaming participants into a market, the growth of general internet and electronic internet wagering and sports-related gaming and legislative changes, including relating to electronic internet wagering and sports-related gaming. As competing properties and new markets are opened, an Advisory Client's investments may be negatively impacted.

Companies that operate in the real money gaming and fantasy sports and sports betting industries are subject to unclear and evolving regulations. Regulatory authorities at the non-U.S., U.S. federal, state and local levels have broad powers with respect to the regulation and licensing of real money gaming and fantasy sports and sports betting operations and may revoke, suspend, condition or limit real money gaming and fantasy sports and sports betting licenses, impose substantial fines on the operators or owners of such companies and take other actions, any one of which could have a material adverse effect on the business, financial condition, results of operations and prospects of investments, which in turn could have an adverse effect on an Advisory Client.

*Investments in the Transportation Sector.* An Advisory Client may make investments in infrastructure opportunities relating to the transportation section, which may include investments relating to airports, toll roads, bridges and tunnels, port terminals, railroads, municipal transport, parking facilities and other public or private transportation-related infrastructure investments. An Advisory Client's ability to make attractive transportation-related infrastructure investments may be subject to a variety of considerations, including general supply/demand trends, overall economic development and growth in the jurisdictions in which an Advisory Client may make investments, general market conditions, socioeconomic changes, and changes relating to governmental spending and related policies. Any adverse or unexpected changes in such conditions could adversely affect an Advisory Client's ability to consummate attractive transportation-related infrastructure investments and/or the performance of any investment in the transportation sector.

*Investments in the Telecommunications and Digital Infrastructure Sector.* An Advisory Client may make infrastructure-related investments in the telecommunications sector or in other businesses that are dependent on the demand for mobile and internet infrastructure, including data centers, macro cell towers, fiber networks, cloud networks and small cell networks. investment opportunities in the telecommunications sector are driven largely by consumer demand, technological advances and improvements in data collection and storage and various factors that are primarily outside the control of an Advisory Client. Changes in the development and proliferation of new technologies (including improvements in the efficiency, architecture and design of wireless or cloud networks), data transmission and/or consumer demand, as well as changes in the prevailing global economy, may also reduce current and/or anticipated demand for such mobile and internet infrastructure and adversely affect an Advisory Client's ability to identify and consummate infrastructure-related investments in the telecommunications sector.

**The foregoing risk factors do not purport to be a complete analysis or explanation of the risks and conflicts involved in an investment in an Advisory Client Fund. Prospective investors are strongly encouraged to read the Governing Documents of an Advisory Client carefully and consult with their own advisors as appropriate before deciding whether to invest in an Advisory Client.**

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## **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to an investor's, a prospective investor's or an Advisory Client's evaluation of our advisory business or the integrity of our management.

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

Neither we nor our management persons are registered as a broker-dealer, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

The Firm has adopted a Code of Ethics (the “Code”) that obligates the Firm and its personnel to put the interests of the Firm’s Advisory Clients before their own interests and to act honestly and fairly in all respects in their dealings with Advisory Clients. Our employees are required to certify their adherence to the terms set forth in the Code upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code provisions.

Subject to certain exceptions, Conversant employees must obtain written pre-approval from the Chief Compliance Officer or his designee before trading in any securities for their personal accounts or the accounts of members of their household. Conversant’s Chief Compliance Officer or his designee may refuse to approve any proposed transaction for any reason, particularly if the transaction may pose a potential or actual conflict of interest with of the Funds. Generally, Conversant employees may not effect transactions in securities for their own accounts, or for accounts in which they have an interest or control, if such securities are simultaneously contemplated for purchase or sale for Fund accounts or are already held in the Funds. Employees must also obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

The Firm, in the course of its investment management and other activities, may come into possession of confidential or material, nonpublic information about issuers, including issuers in which Conversant or its Funds have invested or seek to invest on behalf of clients. The Firm and its personnel are prohibited from improperly disclosing or using such information for their own benefit or for the benefit of any other person, regardless of whether such other person is an Advisory Client. In certain circumstances, the Firm may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Firm will be prohibited from communicating such information to the Advisory Clients(s) or using such information for the benefit of the client(s) or themselves. In such circumstances, Conversant will have no responsibility or liability to the Advisory Clients(s) for not disclosing such information to the Advisory Clients(s) (or the fact that the Firm possesses such information), or not using such information for the benefit of the Advisory Clients(s), as a result of following Conversant’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Advisory Clients or prospective clients may review a copy of the Code at the Firm’s premises by contacting Mr. Paul Dumaine, the Firm’s Chief Compliance Officer, by telephone at (908) 466-5050 or email: [pdumaine@conversantcap.com](mailto:pdumaine@conversantcap.com).

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#### **Item 12. Brokerage Practices**

Conversant is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. Conversant considers a number of factors in selecting a broker-dealer or counterparty to execute transactions. Such factors include, but are not limited to, such broker’s or dealer’s ability to effect such transactions, and its resources, responsiveness and reliability, market or product knowledge, market standing, integrity and financial responsibility. In selecting a broker-dealer or counterparty to execute transactions and determining the reasonableness of the broker-dealer’s compensation, the Firm does not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Conversant’s practice to negotiate “execution only” commission rates; thus, a Client is deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

Section 28(e) of the Exchange Act is a “safe harbor” that permits an investment manager to cause a client to pay more than the lowest possible commissions rate in order to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Among other things, the safe harbor permits an investment manager to use client commissions to offset certain expenses that it would otherwise be obligated to pay for itself. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

Neither Conversant nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to Investors in the Funds in selecting or recommending broker-dealers for the Funds.

The Advisory Clients will on occasion experience errors with respect to trades made on its behalf. Conversant will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a counterparty’s gross negligence or willful misconduct, Conversant may seek to recover any losses associated with such error from the counterparty. Pursuant to the Funds’ Governing Documents, Conversant and its affiliates and personnel will generally not be liable to the Advisory Clients for any act or omission resulting in a trade error, absent gross negligence or willful misconduct. As a result, the Advisory Clients (and not Conversant) will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent gross negligence or willful misconduct.

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

The investment objective of each Advisory Client is set forth in the Advisory Client’s Governing Documents. The active management of the Advisory Clients is the only business of Conversant. Our investment professionals continuously monitor and analyze the transactions and positions of the Funds to ensure that they conform with the investment objectives and guidelines that are stated in the Fund’s Governing Documents. In these reviews, the Firm pays particular attention to any changes in the investment’s fundamentals, overall risk management and changes in the markets that may affect price levels.

Investors in the Advisory Clients receive written reports in accordance with the terms of each Advisory Client’s Governing Documents. Investors in the Funds receive monthly or quarterly account statements from the respective Fund’s third party fund administrator regarding their capital accounts. Audited year-end financial statements are provided annually to investors in Funds. In addition, investors in the Opportunity Fund receive monthly reports, which may include certain information relating to investment performance and investment themes going forward.

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

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

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#### **Item 15. Custody**

We are deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client’s account or otherwise withdrawing funds from a Client’s account. Account statements related to the Clients are sent by qualified custodians to Conversant.

We comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) (i.e., the “custody rule”) by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Funds’ annual audit by an independent auditor that is registered with, and subject to inspection by, the Public

Company Accounting Oversight Board (PCAOB), we will distribute the Funds' audited financials to Investors. Audited financials for the "fund-of-funds" will be distributed within 150 days of fiscal year-end. All other Funds' audited financials will be distributed within 120 days of fiscal year end.

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#### **Item 16. Investment Discretion**

The Firm provides investment advisory services to its Advisory Clients on a discretionary basis. Prior to assuming discretion over an Advisory Client's assets, the Firm enters into an investment management agreement or other agreement that sets forth the scope of the Firm's discretion. The Firm has full discretionary authority to determine the securities or other financial instruments and the amount of the securities or other financial instruments to be purchased or sold for each Advisory Client in accordance with that Advisory Client's investment objectives, guidelines and restrictions set forth in its Governing Documents.

The Firm has and may in the future enter into additional agreements, or "side letters", with certain prospective or existing investors in pooled investment vehicles whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the applicable Governing Documents of a Fund, without notice to, or consent of, other investors in the applicable Fund. For example, certain government-related investors, as a condition of their investment, may require that the Firm agree to certain notifications or to comply with the investor's status-specific requirements. In addition, the terms and conditions of side letters have and may provide for special rights to make future investments; special redemption rights generally relating to regulatory issues; or such other rights as may be negotiated by the Funds and such investor.

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#### **Item 17. Voting Client Securities**

In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the "proxy voting rule"), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a prudent and diligent manner that will serve the applicable Advisory Client's best interests and is in line with the Advisory Client's investment objectives.

The Firm determines whether and how to vote corporate actions and proxies on a case-by-case basis, and will:

- Attempt to consider all aspects of the vote that could affect the value of the issuer or that of the Advisory Client.
- Vote in a manner that it believes is consistent with the Advisory Client's stated objectives.
- Generally, vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless the Firm has a particular reason to vote to the contrary.

In fulfilling its obligations to clients, the Firm endeavors to act in a manner that will enhance the economic value of the underlying securities held by each of its Advisory Clients. In some cases, Conversant may abstain from voting or may affirmatively decide not to vote if it determines that abstaining or not voting is in the best interests of the Advisory Clients. Investors in the Advisory Clients are not permitted to direct the votes in a particular solicitation.

If a material conflict of interest between the Firm and an Advisory Client exists related to voting the proxies on behalf of the client, the Firm will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of the client or whether to take some other appropriate action.

Advisory Clients may review a copy of the Firm's proxy voting policies and procedures and information about how the Firm voted proxies by contacting Mr. Paul Dumaine, the Firm's Chief Compliance Officer by telephone at (908) 466-5050 or email: [pdumaine@conversantcap.com](mailto:pdumaine@conversantcap.com).

## **Item 18. Financial Information**

The Firm is not required to include a balance sheet for its most recent fiscal year.

The Firm does not believe that there are any conditions that are reasonably likely to impair the Firm's ability to meet contractual commitments to clients.

The Firm has never been the subject of a bankruptcy petition.