

**Part 2A of Form ADV: *Firm Brochure***

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**This brochure (“Brochure”) provides information about the qualifications and business of Sola Impact Group, LLC (hereinafter “Sola Impact Group” or “the Firm” or “we”). If you have any questions about the contents of this Brochure, please contact us at (323) 306-4648 or at [mikemahurin@solaimpact.com](mailto:mikemahurin@solaimpact.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Sola Impact Group is a registered investment adviser. Registration as an investment adviser does not imply any particular level of skill or training.**

**Additional information about Sola Impact Group is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Sola Impact Group is 313748.**

## **Item 2            MATERIAL CHANGES**

Consistent with SEC rules, we seek to ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days after the close of our fiscal year. We will also provide you with amended disclosures at other times during the year in the event of certain material changes to our business.

Since our last published ADV Part 2A on January 19, 2024, the Brochure has been amended to reflect details regarding the CRA Fund (defined herein) which has now completed its offering documents and commenced fundraising efforts.

**Item 3            TABLE OF CONTENTS**

| <b>Item</b> | <b>Section</b>  | <b>Page Number</b> |
|-------------|---|--------------------|
| 1           | Cover Page  | 1                  |
| 2           | Material Changes  | 2                  |
| 3.          | Table of Contents   | 3                  |
| 4.          | Advisory Business   | 4                  |
| 5.          | Fees and Compensation   | 6                  |
| 6.          | Performance-Based Fees and Side-by-Side Management                                    | 11                 |
| 7.          | Types of Clients  | 13                 |
| 8.          | Methods of Analysis, Investment Strategies and Risk of Loss                           | 13                 |
| 9.          | Disciplinary Information  | 16                 |
| 10.         | Other Financial Industry Activities and Affiliations                                  | 16                 |
| 11.         | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 17                 |
| 12.         | Brokerage Practices   | 18                 |
| 13.         | Review of Accounts  | 19                 |
| 14.         | Client Referrals and Other Compensation   | 20                 |
| 15.         | Custody   | 20                 |
| 16.         | Investment Discretion   | 20                 |
| 17.         | Voting Client Securities  | 21                 |
| 18.         | Financial Information   | 21                 |

#### Item 4 ADVISORY BUSINESS

Sola Impact Group is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"). Its principal place of business is located in Los Angeles, California. Sola Impact Group, originally Black Impact Group was formed in 2020 and is wholly owned by LAOZ Business Fund, LP, which in turn is owned by Martin Muoto and Gary Lusk.

Sola Impact Group is related through common ownership and control to Sola Management, LLC ("Sola Management"). ~~Sola Management provides investment management services to three funds, asset manager to certain private funds, including the~~ Sola Real Estate Fund I, LLC ("Fund I"), Sola Impact Fund II, LP ("Fund II") and Sola Impact Opportunity Zone Fund, LP ("Fund III", collectively with Fund I and Fund II, the "Sola Impact Funds"), and to Sola Rentals QOZB LLC ("Sola Rentals"), a property management company, among other entities in the Sola Impact family of companies. See Item 10 of this Brochure for additional details regarding affiliated entities.

Sola Impact Group provides investment management services solely to three private funds (hereinafter collectively, the "Funds"). ~~The three fee Funds are as follows: have initially been formed and will be managed side-by-side including:~~

1. Black Impact OZ Fund 1, LP, an Opportunity Zone fund ("OZ Fund")<sup>1</sup>;
2. Black Impact Non OZ Fund 1, LP, a non-Opportunity Zone fund ("Non OZ Fund"; collectively with the OZ Fund, the "Black Impact Funds"); and
3. Sola Community Revitalization and Affordability Fund, L.P. ("CRA Fund").

The general partner to the OZ Fund and the Non OZ Fund is Black Impact GP, LLC ("BIGP"). The general partner to the Sola Community Revitalization and Affordability Fund, L.P. is Sola CRA Fund GP, LLC (the "CRA GP"; collectively with BIGP, the "General Partners", each a "General Partner"). Through common ownership and control, Sola Impact Group is related to BIGP, Sola Management, Sola Impact Fund II GP, LLC ("Fund II GP"), Sola OZF GP, LLC ("Fund III GP"), and Sola Rentals, among other entities. BIGP is general partner to the Black Impact Funds and the CRA GP is the general partner to the CRA Fund and are entitled to receive compensation from the Funds for these services as disclosed at Item 5 of this Brochure. Sola Management is the asset manager to the Sola Impact Funds. Fund II GP is the general partner of Fund II. Fund III GP is the GP of Fund III.

The Funds receive capital commitments from investors during a fundraising stage and then are generally closed to new investors. From time to time thereafter, as applicable, the General

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<sup>1</sup> An Opportunity Zone is an economically-distressed community where private investments, under certain conditions, may be eligible for capital gain tax incentives. Opportunity Zones were created under the 2017 Tax Cuts and Jobs Act ("TCJA"), to stimulate economic development and job creation, by incentivizing long-term investments in low-income neighborhoods. Opportunity Zone Census Tracts are identified in the TCJA.

Partners will notify one or the other of the Funds' limited partners (each a "Limited Partner") to make capital contributions, in proportion to their respective commitments, to enable the Fund to make investments and pay Fund expenses. Prior to each capital call, the investment will typically have been identified and vetted by Sola Impact Group.

In providing investment management services to the Funds, Sola Impact Group focuses on a double bottom line objective of seeking financial returns and to make a beneficial social impact by acquiring, rehabilitating, developing, operating, holding for investment, and, as appropriate, disposing of multifamily apartment buildings, mixed-use spaces, improved and unimproved land, ground-up development projects, repositioned and repurposed commercial and office spaces, condominium projects, and similar properties (each a "Property", collectively, the "Properties"), located in or, in the case of the Non OZ Fund and the CRA Fund, near<sup>2</sup> Opportunity Zones in cities in the western United States with large minority populations, including those potentially experiencing demographic and economic transition.

The objectives of the Funds are multifold, but are anchored by the perspective that the revitalization of urban Black and brown communities requires an intentional focus on the following four pillars:

1. Access to Affordable Housing. The preservation and development of affordable multifamily housing for minority communities in major urban markets in a primary objective of the Funds.
2. Access to Education. Learning to utilize technology and education in the technology field is important; closing the "digital divide" is key to addressing racial inequality.
3. Access to Ownership. The Funds will seek to provide pathways for increased homeownership for communities of color.
4. Access to Capital. A key priority of the Funds is to partner with regional developers to enable greater access to capital, support minority-owned small businesses, and create local jobs in communities where the Funds invest.

Properties will be acquired through one or more limited liability companies or limited partnerships (each a "Project Entity") in some cases formed by the applicable Fund and its General Partner, and managed by Sola Impact Group, and in other cases where the Fund is participating in the joint venture opportunity with a third-party developer, an entity which may be formed and managed by either the Fund or the third-party developer. The activities of the Funds, including the ownership, redevelopment, leasing, operation and the fulfilling of other Fund objectives related to the Properties are intended to be conducted primarily through the Project Entities.

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<sup>2</sup> While neither the Non OZ Fund nor the CRA Fund will provide the TCJA tax benefits of investing in Opportunity Zones, they seek to benefit from an increase in value in properties adjacent to Opportunity Zones as a result of the passage of the TCJA and from improvements in properties completed by Opportunity Zone investment funds.

The investment period (the “Investment Period”) for each Fund will commence on the initial closing and terminate on the earlier of (i) a determination by the Fund’s General Partner that the Fund will not purchase any additional Properties for its portfolio or (ii) the three-year anniversary of the Initial Closing, subject to the General Partner’s right to extend for one additional year.

The Funds are not required to register under the Investment Company Act of 1940, or to register their securities under the Securities Act of 1933, in reliance upon certain exemptions available to issuers whose securities are not publicly offered. Sola Impact Group manages the Funds on a discretionary basis in accordance with the terms and conditions of each Fund's partnership agreement and organizational documents.

**Assets under Management.** As of December 31, 2023, Sola Impact Group managed approximately \$282,618,275 regulatory assets on a discretionary basis. Sola Impact Group does not manage any assets on a non-discretionary basis. Sola Impact Group does not currently manage any separate accounts.

**Important Additional Considerations.** The information provided herein merely summarizes certain aspects of the detailed information provided in each Fund’s partnership agreement and organizational documents. Current Fund investors and prospective investors in any new fund launched and/or managed by Sola Impact Group should be aware of the substantial risks associated with investment as well as the terms applicable to such investment. This and other detailed information will be provided in the Fund offering and organizational documents.

## **Item 5 FEES AND COMPENSATION**

For its services to the Funds, Sola Impact Group earns Management Fees as described below. In addition, BIGP, an affiliate of Sola Impact Group, will be entitled to receive carried interest, a form of performance-based compensation, as described below.

Limited Partners should refer to the appropriate Fund partnership agreement and offering memorandum for detailed information regarding fees, expenses, risks and other important information. Any new Fund launched by Sola Impact Group may or may not have similar or materially different terms than those summarized below. Specifically, CRA is anticipated to have economics to the CRA GP and to Sola Impact Group under the CRA Fund not materially different from those set forth below for BIGP and Sola Impact Group, respectively.

### **A. Management Fee.**

During the Investment Period, as defined in each of the Black Impact Fund’s offering documents, Sola Impact Group will be entitled to asset management fees equal to 2.00% per annum of each Limited Partner’s Capital Commitment. After the Investment Period, the asset management fee will be equal to 2.00% per annum of the total purchase price of all Properties, directly or indirectly, acquired and owned by the Fund or Project Entities plus the cost of all improvements made thereto.

During the Investment Period, as defined in the CRA Fund's offering documents, Sola Impact Group will be entitled to asset management fees equal to 1.50% per annum of each Limited Partner's Capital Commitment for any Limited Partner investing on or prior the Initial Closing and 1.75% per annum of each Limited Partner's Capital Commitment for any Limited Partner investing after the Initial Closing. After the Investment Period, the asset management fee will be equal to 1.50% per annum (in the case of Limited Partners investing on or prior to the Initial Closing) or 1.75% per annum (in the case of Limited Partners investing after the Initial Closing) of the total purchase price of all Properties, directly or indirectly, acquired and owned by the Fund or Project Entities plus the cost of all improvements made thereto.

All asset management fee will be payable quarterly in arrears.

Sola Impact Group may elect to waive any or all of the asset management fee that would be payable to Sola Impact Group on a future date (the "Waived Fee Amount"). Upon a fee waiver, Sola Impact Group (or its "disregarded entity" subsidiary) will become a Special Limited Partner of the applicable Fund with no voting rights or obligations to make capital contributions (the "Special Limited Partner"), and the applicable Fund will issue LP Interests with respect to the Waived Fee Amount. The Special Limited Partner will generally be entitled to the same distributions that Limited Partners are entitled to, but with its Waived Fee Amount generally being treated as the amount of capital contributed by the Special Limited Partner.

## **B. Carried Interest.**

In general, proceeds from investments will be distributed from operations and capital events as follows in the Funds.

### Net Cash from Operations

Distributions of net cash flow generated from the ownership and operation of Properties will be made on a quarterly basis, after adjustments have been made to allow for different amounts of asset management fees paid by Partners. Distributions will first be apportioned to the Limited Partners (and Sola Impact Group as Special Limited Partner) based on the percentage of capital contributed (or deemed contributed), and then the amount that is apportioned to a Limited Partner shall be distributed as follows:

- i. First, 100% to the Limited Partner to the extent of its unreturned capital contributions;
- ii. Second, 100% to the Limited Partner to the extent of its respective accrued and unpaid Preferred Returns;
- iii. Third, 100% to the General Partner until the General Partner has received 20% of the sum of the Preferred Return amounts distributed (x) to the Limited Partner from net cash flow from operations and capital events and (y) to the General Partner under this clause (iii) and pursuant to the Capital Event Catch-Up (the "Operating Cash GP Catch-Up");

iv. Thereafter,

- 1) 80% to the Limited Partner; and
- 2) 20% to the General Partner.

#### Net Cash from Capital Events

Net proceeds from the sale or refinancing of Properties or portion thereof that will be distributed will first be apportioned to the Limited Partners and the Special Limited Partner based on the percentage of capital contributed (or deemed contributed), and then the amount that is apportioned to a Limited Partner shall be distributed quarterly to that Limited Partner and the General Partner as follows:

- i. First, 100% to the Limited Partner to the extent of its unreturned capital contributions;
- ii. Second, 100% to the Limited Partner to the extent of its respective accrued and unpaid Preferred Returns;
- iii. Third, 100% to the General Partner until the General Partner has received 20% of the sum of the Preferred Return amounts distributed (x) to the Limited Partner from net cash flow from operations and capital events and (y) to the General Partner under this clause (iii) and pursuant to the Operating Cash GP Catch-Up (the “Capital Event Cash GP Catch-Up”);

(iv) Thereafter, in the case of the Black Impact Funds,

- 1) 80% to the Limited Partner;
- 2) 17.46% to the General Partner; and
- 3) 2.54% to the General Partner for contribution to the Community Fund (defined below).

(iv) Alternative, thereafter, in the case of the CRA Fund,

- 1) 80% to the Limited Partner; and
- 2) 20% to the General Partner.

A cumulative, non-compounding, 7% preferred return (“Preferred Return”) will accrue on the Partners’ unreturned capital contributions (or in the case of Special Limited Partner, on its waived asset management fees) commencing 12 months after a capital contribution is made to the Fund following a capital call (or, in the case of the OZ Fund, 24 months following a Put Contribution<sup>3</sup> and, in the case of a Special Limited Partner, when the fees that were waived would have been paid had they not been waived).

In the Black Impact Funds, distributions to the General Partner of 2.54% of net cash flow from capital events after distributions of unreturned capital contribution and Preferred Return

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<sup>3</sup> A Put Contribution, is when, during the Commitment Period, a Limited Partner delivers notice to the General Partner requesting to make a capital contribution to the Fund in an amount up to its remaining capital commitment.

amounts are referred to as the “Charitable Donation Amount.” The Charitable Donation Amount will be contributed by the General Partner to the Black Impact Community Fund, Inc., a tax-exempt private foundation affiliated with Sola Impact Group created to maximize the social impact of the Funds (the “Community Fund”). Distributions to the General Partner of 20% of net cash flow from operations and 20% or 17.46% (as applicable) of net cash flow from capital events after distributions of unreturned capital contribution and Preferred Return amounts are referred to as the General Partner’s “Carried Interest.”

In the CRA Fund, there will be no Charitable Donation Amount. In the CRA Fund, Carried Interest distributions to the General Partner will be 20% of net cash flow from operations and 20% of net cash flow from capital events after distributions of unreturned capital contribution and Preferred Return amounts.

## **General Information**

### **A. Compensation Risk.**

Investors should understand the proposed method of compensation and its risks prior to investing in any Fund managed by Sola Impact Group. Prospective investors in any Fund launched by Sola Impact Group should refer to the Fund offering and organizational documents for information regarding the fees to which Sola Impact Group and its affiliates will be entitled.

### **B. Investments in Funds.**

The General Partner of each Fund is affiliated with Sola Impact Group through common ownership and control and share certain executive officers. The General Partner of each Fund will generally participate in the Fund’s investments by investing directly in the Fund. With respect to existing Funds, a portion of this participation will be affected through a reduction of the management fee otherwise payable to Sola Impact Group. Partners and employees of Sola Impact Group are members of the General Partner of each Fund, make capital contributions to the General Partner to enable it to make its capital contributions to the Fund, and are entitled to share in the Carried Interest in the Fund (generally in proportion to their capital commitments to the General Partner).

### **C. Co-Investments.**

The Funds may co-invest with third parties and certain Limited Partners through joint ventures or other entities. Co-investment opportunities may result in additional benefits for those who so invest. Inasmuch as the General Partner and/or Sola Impact Group retains discretion as to how co-investment opportunities are allocated among the applicable Funds, investors and other third-party investors, the benefits of co-investment opportunities will be received only by the investors selected by the General Partner or Sola Impact Group for such opportunities, and not by any other investors. Such co-investment transactions create conflicts of interest to the extent that the General Partner or Sola Impact Group are simultaneously representing the interests of one or more co-investing parties. Co-investments may also involve risks not present in investments where a third-party is not involved, including the possibility that a co-investor(s) or partner(s) of the Fund may at any time have economic or

business interests or goals which are inconsistent with those of the Fund, or may be in a position to take action contrary to the Fund investment objectives. In addition, in certain circumstances, the Fund may be liable for actions of its co-investor(s) or partner(s). Finally, our affiliates and third-party sponsors may charge fees to co-investments, which in the case of our affiliates, may be different than those fees charged to the Fund or its investments.

#### **D. Reimbursement and Compensation**

The General Partner and its affiliates are entitled to reimbursement for costs and expenses incurred by such parties on behalf of the Fund that relate to the business and affairs of the Fund. No Limited Partner (or affiliate thereof) will be reimbursed for any such costs or expenses. In addition, the General Partner or its affiliate, will be entitled to receive an annual Fund asset management fee, and may be entitled to construction management fees, property management fees, leasing fees, and sales commission fees. The fees and distributions payable to the General Partner were not determined on an arms'-length basis. It cannot be assured that an unaffiliated party would not be willing and able to provide to the Fund the same services at a lower price. In addition, there is a conflict of interest in that the General Partner has incentive to pay the foregoing reimbursements and compensation to the detriment of other third-party creditors of the Fund, which could be detrimental to the Limited Partners and may reduce the return of or any return on the investments made by the Limited Partners pursuant to this Offering. There is also a conflict of interest in that the General Partner has incentive to establish larger reserves to pay the foregoing reimbursements and compensation, which would reduce the amount of cash flow available for distribution to the Limited Partners.

#### **E. Partner Loans**

When additional capital is required in order to make investments, capital improvements or to otherwise pay operating expenses, the General Partner may advance the funds to the Fund in the form of a loan. Any such loans will be on terms typically provided by third-party lenders (as determined by the General Partner in its sole discretion), and the loans will be due and payable upon the liquidation of the Fund. The loan terms will not be determined on an arms' length basis. The repayment of any partner loans will be made prior to any other distributions to the partners.

#### **F. Fund Expenses.**

Each Fund will be responsible for all expenses relating to the formation and organization of the Fund, the General Partner and Project Entities, and the operation of the Fund and the Project Entities (other than that portion of Project Entity formation, organization and operating expenses which a third-party joint venture partner is obligated to pay), including (i) all administrative and operating expenses, including (A) legal, accounting, and other professional fees, including any and all fees and disbursements of attorneys relating to Fund matters, fees relating to the preparation of financial and tax reports, portfolio valuations, third-party audits and tax returns, (B) taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund, (C) litigation costs, (D) costs of director and officer liability insurance

and indemnification or extraordinary expenses or liabilities relating to the affairs of the Fund, (E) expenses relating to the organization and operation of alternative investment vehicles and Parallel Funds, (F) expenses related to the Limited Partner Advisory Committee (“LPAC”), and (G) allocated expenses including services subscribed to for investment purposes, and indirect due diligence expenses, (ii) interest, fees and expenses arising out of all permitted borrowings made by the Fund, (iii) asset management fees, (iv) other fees payable to Sola Impact Group and its affiliates described in the applicable Fund’s Offering Memorandum; (v) organizational expenses, and (vi) all expenses incurred in holding, developing, negotiating, structuring, acquiring and disposing of the Fund’s investments and prospective investments (whether or not consummated), including any financing, legal, accounting, advisory and consulting expenses.

From time-to-time, the Funds will invest significant funds and resources in an effort to acquire Properties that are ultimately not acquired. While we attempt to limit these costs, there can be no assurance that we will be able keep these costs below budgeted levels. These costs are borne by the Fund for which the Property was intended (or, if intended for more than one Fund, on a pro rata basis). The incurrence of these costs will reduce amounts available for distribution to the Limited Partners.

(See Items 10 and 12 for additional disclosure regarding fees and expenses paid to affiliates for services provided).

#### **G. Valuation Procedures.**

Management Fees for the Funds will be calculated based on a percentage of committed capital during the Investment Period and thereafter on the amount of capital invested, committed or used or reserved for Fund expenses. Carried Interest will be calculated as a percentage of rental income and realized profits from the sale of Properties, as applicable.

#### **H. Clawbacks.**

To the extent that over the term of a Fund the General Partner receives either (i) distributions in excess of the amounts it would have received as distributions had all amounts been distributed at the time the distributions are being evaluated (other than distributions of the Charitable Donation Amount) or (ii) Carried Interest distributions and the Limited Partners do not receive distributions equal to at least their capital contributions plus Preferred Returns, the General Partner will be liable after the end of the Fund’s term to return a percentage of excess distributions received by it to the Fund, for distributions to the Limited Partners.

In addition, if the Special Limited Partner receives distributions in excess of the amounts it would have received as distributions had all amounts been distributed at the time the distributions are being evaluated, the Special Limited Partner will return the same percentage of excess distributions received by it to the Fund, for distributions for the Limited Partners.

In the case of the Black Impact Funds both the General Partner and the Special Limited Partner will return 50% of such excess amounts for distribution to the Limited Partners. In

the case of the CRA Fund both the General Partner and the Special Limited Partner will return 75% of such excess amounts for distribution to the Limited Partners.

**I. Lock-Up.**

Except as set forth in a Fund's partnership agreement, an investor in a Fund may not rescind any part of its capital commitment or otherwise withdraw from the Fund. Investment in the Funds is only for those who can afford to have capital locked up for long periods of time and who are able to bear the risk of significant losses.

Investors in each Fund should refer to the Fund's Limited Partnership Agreement for complete information regarding lock-ups and penalties or other consequences for failure to comply with capital calls made by the Fund.

**J. Side Letters.**

Sola Impact Group or the General Partners of the Funds have entered into side letters and may in the future enter into additional side letters with certain large or strategic investors to waive or modify certain terms of investment, including but not limited to, agreeing to provide increased Fund transparency, and more frequent or varied formats or modes of portfolio reporting.

**K. General.**

Prospective investors in any Fund should refer to the offering and organizational documents of the Fund for additional important information, terms, conditions and risks involved with investing in the Fund.

**Item 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As discussed in Item 5 of this Brochure, each Fund's General Partner, an affiliate of Sola Impact Group through common ownership and control, will receive Carried Interest, a form of performance-based profits interest. Such a performance-based profits interest is calculated based on a share of aggregate realized profits on the assets of the Fund (subject to return on invested capital and a preferred return on invested capital as set forth in the applicable Fund's partnership agreement).

Investors in the Funds, and prospective investors in any new Fund launched by Sola Impact Group, should note that performance-based profits interest, in some contexts, can create an incentive for an adviser such as Sola Impact Group to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, the long-term nature of investing in the Funds mitigates such risk because Carried Interest is calculated on operations (e.g., rental income) as well as capital events (e.g., sales of Properties), leading Sola Impact Group to focus on fundamentals when making Property and improvement investments for the Funds. In addition, the General Partner also puts its own funds at risk.

At this time, we do not offer advisory services to clients who do not pay performance-based compensation, and therefore, we do not have an incentive to favor performance-based fee accounts over non-performance-based fee accounts. However, in theory, we could have incentive to favor a Fund in which officers and employees of the Firm and General Partner have more of their personal assets invested. Since we endeavor at all times to put the interest of the Funds first, we take the following steps to address these potential conflicts:

1. We collect, maintain and document accurate, complete and relevant investor background information to ensure that investment in a Fund is appropriate for the investor's financial goals, objectives and risk tolerance and that the investor is qualified to invest;

~~2. The OZ Fund investment mandate includes investing in properties within Opportunity Zones, while the Non-OZ Fund may invest in properties adjacent to such neighborhoods, thereby alleviating investment opportunity allocation issues that might otherwise arise (though the Non-OZ Fund is not prohibited from investing in Properties located within opportunity zones, as appropriate, it is unlikely that we will do so).~~

- ~~3.2.~~ We have implemented procedures for fair and consistent allocation of investment opportunities among the Funds;

- ~~4.3.~~ With respect to cross-fund investments, where guidelines are not provided in a Fund's Limited Partnership Agreement, the General Partner seeks the consent of the Funds' LPAC to the transaction;

- ~~5.4.~~ We educate our employees through compliance training sessions regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement or level of personal interest in any one Fund;

- ~~6.5.~~ We disclose to investors and prospective investors the potential for material conflicts of interest.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Advisers Act and applicable state regulations.

## **Item 7 TYPES OF CLIENTS**

We provide investment management services to private real estate funds as disclosed in Item 4 of this Brochure. Except in limited instances where the General Partner may accept a lower amount, the minimum required capital commitment to the Funds is \$2,500,000. Investors in the Funds, generally, must be "accredited investors" under Regulation D promulgated by the SEC under the Securities Act<sup>4</sup> and either "qualified clients" as defined in Rule 205-3

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<sup>4</sup> An "accredited investor" includes individuals or business entities deemed financially sophisticated based on defined levels of net worth, income or other criteria and that are considered, therefore, to have a reduced need for

promulgated by the SEC under the Advisers Act<sup>5</sup> or “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act.<sup>6</sup>

Prospective investors in any new Fund launched by Sola Impact Group should refer to the Fund offering documents for information regarding that Fund’s minimum required capital commitment and any additional qualifications required for investment.

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

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

The Sola Impact Group’s sole clients, the Funds, were formed for the purpose of acquiring, rehabilitating, developing, operating, holding for investment, and, as appropriate, disposing of Properties located in, or in the case of the Non OZ Fund and CRA Fund, near, Opportunity Zones in cities in the Western United States with large minority populations identified by the Funds General Partners, affiliates of Sola Impact Group, including those potentially experiencing demographic and economic transition.

The Funds will invest specifically in Opportunity Zone Census Tracts as identified in the 2017 Tax and Jobs Act and in a way to maximize compliance with the Opportunity Zone legislation or, in the case of the Non OZ Fund and CRA Fund, in properties located in neighborhoods nearby or adjacent to Opportunity Zone Census Tracts. All investment activities of the Fund will be overseen by an Investment Committee.

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The Black Impact Funds are fully deployed in areas throughout Los Angeles County, California and also a select number of investments in San Diego County, California.

The CRA Fund is currently beginning fundraising with a target of \$300-\$500 million. The CRA Fund expects a significant focus and investment in Los Angeles, but also other similar cities and low income census tracts in other major California markets such as San Diego, San Jose, San Bernardino, Seattle or Sacramento. Sola Rentals is fully vertically integrated in the Southern California market and will continue to operate as they have historically, in their current market of Los Angeles. Los Angeles County is a market with a shortage of more than 500,000 affordable housing units, and its affordable housing development funding has been cut by 70% over the past decade. Sola Impact Group expects to deploy approximately 75%

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the protections afforded by regulatory disclosure filings. Refer to Regulation D under the Securities Act for the complete definition.

<sup>5</sup> A “qualified client,” generally, includes a natural person or company meeting certain investment thresholds, net worth, or income criteria. Refer to Rule 205-3 under the Investment Advisers Act for the complete definition.

<sup>6</sup> “Qualified purchasers” include natural persons and family-owned companies that own not less than \$5 million in investments, as well as other persons acting for their accounts or accounts of others, that own and invest on a discretionary basis not less than US \$25 million in investments. Refer to Section 2(a)(51) of the Investment Company Act for the complete definition.

of the CRA Fund to be deployed in the Los Angeles market. These will be affordable and workforce housing, multifamily investments in the greater Los Angeles area would target 10% cash-on-cash return within 12 months of stabilization.

The remaining 25% is expected to be deployed in the ancillary markets set forth above. In selecting these cities, Sola Impact Group considered major metropolitan cities with an acute shortage of affordable housing primarily due to governmental regulations that create an artificial supply shortage (i.e., zoning, permitting, rent control) and exert upward pressure on rents and (b) projects expected to achieve 10% cash-on-cash within six months of stabilization.

The CRA Fund will leverage the national purchasing power, governmental relationships, and preferred Community Reinvestment Act financing of its prior affiliated funds to dictate preferred economic terms, including lower fees, general partner economics, and higher preferred return, helping the local developer establish a track record suitable for institutional investment of its own. The Funds will seek to achieve this by leveraging the existing and growing construction and procurement infrastructure, nationwide network of development, broker, and builder partners, and relationships with city governments who are offering incentives in order to entice the CRA Fund to develop in their market.

### **Risks of Investing through the Funds.**

One of the primary risks of the Funds' investment strategy is that investment in Opportunity Zones and surrounding properties are limited to certain low-income census tracts or those contiguous with low-income census tracts, and investments in such areas may reduce the value of investment property or limit its appreciation potential. Additionally, with respect to the OZ Fund, because there is a ten-year holding period required to take full advantage of all of the benefits of an investment in a Qualified Opportunity Fund, it may not be advantageous to liquidate underperforming investments in order to reposition those funds into better performing investments. To the extent diversification of Fund investments is limited, the Funds will be more vulnerable to adverse developments in the financial and market conditions of a particular Opportunity Zone.

Ownership and operation of the Properties will subject the Fund to the inherent risks of commercial as well as residential rental real property, including, without limitation, vacancies, rising operating costs, adverse changes in general or local market conditions (such as a decrease in the demand for industrial space due to an increase in unemployment, environmental risks, energy shortages, lack of attractiveness of an area to prospective tenants, adverse changes in property values, maintenance costs or insurance rates) and unknown contingencies and liabilities. In addition, governmental or administrative agencies may impose restrictions requiring structural alterations of, or capital improvements to, any project such as retrofitting existing structures to comply with the Americans with Disabilities Act. Significant problems can also result from improper management of a project or the inability of tenants to pay rent. Tenancies can be difficult to terminate and it is possible that once such tenancies have been terminated the Fund will be unable to find new tenants for any space that is vacated due to a defaulting tenant. In addition, the Fund could incur significant costs as a result of any tenant improvements required by any new or existing tenants.

~~The OZ Fund intends to be a Qualified Opportunity Fund so that its investors may obtain associated tax benefits. To qualify as a Qualified Opportunity Fund, the Fund must satisfy many criteria that do not typically apply to real estate developments. If these criteria are not satisfied, the investors might not receive their expected tax benefits and the Fund may be required to pay a penalty. Moreover, there is a risk that new regulations or pronouncements interpreting or clarifying the Opportunity Zone program may be enacted. The Sola Impact Group cannot predict what impact, if any, such additional guidance may have on the Funds' investment strategies but such guidance could adversely impact investments being contemplated or made in Opportunity Zones or nearby and as a result adversely impact the value of the Funds' property holdings and operating revenue.~~

Prospective investors in any Fund should carefully review the offering documents for the applicable Fund, particularly the "Risk Factors and Potential Conflicts of Interest" section, for detailed information regarding the risks inherent in the methods of analysis and strategies used in managing the Fund.

### **Risks in General.**

Neither real estate investments, nor investment in securities such as the interests of the Funds, are guaranteed and investors in the Funds may lose money on their investments. Investors or prospective investors in the Funds should carefully review the detailed explanation of the many risks associated with investment as provided in the relevant Fund's offering memorandum.

Prospective investors in any Fund should carefully review the "Risk Factors and Potential Conflicts of Interest" section of the applicable Fund.

### **Item 9           DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither Sola Impact Group nor any of its officers or management personnel have legal or disciplinary events to disclose.

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

As disclosed at Item 4 of this Brochure, Sola Impact Group is investment adviser to the Funds. Martin Muoto and Gary Lusk indirectly own Sola Impact Group. Messrs. Muoto and Lusk also own, directly or indirectly, a number of additional entities that are, therefore, related to Sola Impact Group through common ownership and control. Certain of these related entities provide services to the Funds for a fee separate from the Management Fee and Carried Interest disclosed at Item 5 of this Brochure, with additional corresponding related entity disclosures provided in Part 1A, Item 7A.

~~Through common ownership and control, Sola Impact Group is related to BIGP, Sola Management, Sola Impact Fund II GP, LLC (“Fund II GP”), Sola OZF GP, LLC (“Fund III GP”), and Sola Rentals, among other entities. BIGP is general partner to the Black Impact Funds and the CRA GP is the general partner to the CRA Fund and are entitled to receive compensation from the Funds for these services as disclosed at Item 5 of this Brochure. Sola Management is the asset manager to the Sola Impact Funds. Fund II GP is the general partner of Fund II. Fund III GP is the GP of Fund III.~~

As the Sola Impact Funds are private funds investing in real estate located within areas that overlap those the Funds intend to invest in, and because Fund III, like the OZ Fund, invests in properties located within opportunity zones, potential conflicts of interest arise. This is because a property identified for investment by Sola Impact Group or its affiliates may be suitable for a Fund as well as one or more of the Sola Impact Funds. To address this potential conflict of interest, Sola Impact Group has adopted written policies and procedures reasonably designed to ensure that investment opportunities are allocated on a fair and equitable basis, and in a manner that is consistent with the investment objectives of each of the Funds and the disclosures provided to Fund investors, including:

1. Giving priority to the previously existing Sola Impact Funds with respect to appropriate investment opportunities within Los Angeles opportunity zones until these Funds have completed their Investment Periods;
2. Giving priority to the Funds with respect to new opportunity zones and adjacent areas located outside of the Los Angeles market, and;
3. Providing disclosure to Fund investors regarding potential conflicts of interest with respect to the allocation of investment opportunities.

Sola Rentals, directly or through its wholly owned subsidiary, Renta Management, LLC, acts as property manager for all Properties invested in by the Funds (and the Sola Impact Funds) and Positive Developments, LLC (“Positive Developments”), also a fully-owned subsidiary of Sola Rentals, acts as construction manager overseeing new construction or improvements made to Properties held by the Funds. Affiliated service providers receive fees for services provided to the Funds, which are separate and distinct from the Management Fees and Carried Interest received from Sola Impact Group and the Funds’ General Partner. When selecting service providers for the Funds, a conflict of interest arises for Sola Impact Group and/or the General Partner because, when selecting an affiliate rather than a third party, any fees paid by the Funds to the service provider ultimately inure to the benefit of the common owners of Sola Impact Group and the service provider. Moreover, because service provider compensation is not negotiated on an arm’s-length basis, neither Sola Impact Group nor the General Partner are incentivized to seek lower rates and, as a result, the Funds may incur service provider fees that are higher than would otherwise be the case. To mitigate these conflicts of interest, the Funds do not pay above-market fees to service providers, whether or not an affiliate.

Neither Sola Impact Group nor any of its management persons is registered as, nor do any of them have an application pending to register as, a broker-dealer, broker-dealer representative,

futures commission merchant, commodity pool operator, commodity trading advisor or associated person of the foregoing entities.

## **Item 11            CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm has adopted a Code of Ethics, which sets forth the ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The Firm's Code of Ethics includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's associated persons. The Code of Ethics also requires the prior approval of any employee's acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code of Ethics provides for oversight, enforcement and recordkeeping. A copy of the Code of Ethics is available to our advisory clients and prospective clients, and to investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer, at the Firm's principal office address. [This information can be requested at mikemahurin@solaimpact.com.](mailto:mikemahurin@solaimpact.com)

As disclosed at Item 5 of this Brochure, certain executive officers and/or other employees of Sola Impact Group have invested a portion of their personal assets in one or more of the Funds.

It is the express policy of the Firm that no person employed by Sola Impact Group or any of its affiliates may usurp an investment opportunity which may be appropriate for one or more of the Funds without first presenting the opportunity to the Investment Committee, particularly when there is limited availability for participation in the opportunity.

As these situations represent a conflict of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of the Firm may prefer his or her own interest to that of an advisory client.
2. We maintain a list of all the securities holdings by each of our employees and anyone associated with our advisory practice with access to advisory recommendations. These holdings are periodically reviewed by the Chief Compliance Officer.
3. All of our principals and employees must act in accordance with all applicable Federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above will be subject to disciplinary action up to and including termination.

The Advisers Act makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is

acting and obtaining the client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the Firm's owners, principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund. Sola Impact Group monitors the Funds for this threshold but does not anticipate that such levels of participation in any Fund by its officers, principals and employees will ever be reached.

Without obtaining the consent of an LPAC established for each Fund, neither Sola Impact Group nor any General Partner or other affiliated person shall engage in a principal trade with that Fund (i.e., purchase from or sell securities to a Fund from a proprietary or individual's account other than through side-by-side investments) as provided for in the respective Limited Partnership Agreement.

## **Item 12        BROKERAGE PRACTICES**

Sola Impact Group, directly or in conjunction with each Fund's General Partner or other affiliates, is responsible for all parts of the investment cycle including sourcing and origination, investment decision-making, deal negotiation and transaction structuring, portfolio management (the act of overseeing the investments that we have made) and exit strategies. Rarely, if ever, will the Funds acquire securities of publicly traded companies, therefore, we typically will not select broker dealers or investment banks to effect transactions on behalf of the Funds.

Each investment is carefully structured through negotiations by Sola Impact Group as well as various professionals engaged by us to facilitate a particular deal, as appropriate. These professionals may include, as appropriate, attorneys, real estate brokers, appraisers, consultants, and due diligence professionals, among others. As disclosed at Item 10 of this Brochure, Sola Rentals will provide property management services and Positive Developments will act as construction manager overseeing new construction or improvements made to Properties held by the Funds, each for a fee borne by the Funds. Fund investors should note that engagement of these affiliates creates a conflict of interest as the compensation paid by the Funds for services provided by these affiliates are in addition to the Management Fees and Carried Interest and inure to the benefit of the common owners of Sola Impact Group, the General Partner and these affiliated entities. Please see Item 10 of this Brochure for additional information regarding these and other conflicts of interest and controls adopted by the firm to address such conflicts of interest.

Acquisitions and investments are generally funded with capital raised from the Funds' Limited Partners, but can also be partially or substantially financed by debt obtained by Sola Impact Group from one or more banks or third parties. Under these circumstances, Sola Impact Group will select the third-party bank in the best interests of the Funds and seek the most favorable terms under the circumstances, including interest rates, service levels and other relevant criteria.

As disclosed at Item 5 of this Brochure, Sola Impact Group or the General Partner is authorized to make co-investment opportunities available to Limited Partners and their affiliates as they determine it appropriate and in the best interest of the Funds. Allocation of such opportunities create conflicts of interest as they are, by nature, limited, and participation is not possible for all or even most investors in the Funds; as a result, Sola Impact Group must determine which investors will be given the opportunity to co-invest and which will not. To address this conflict, we have adopted written Allocation Policies and Procedures designed to ensure that Sola Impact Group does not favor certain investors over others and that, over time, all investors are treated fairly with respect to co-investment opportunities.

Given its business model, Sola Impact Group does not have any formal or informal soft-dollar arrangements nor do we receive any soft-dollar benefits from any broker, dealer or other counterparty.

### **Item 13        REVIEW OF ACCOUNTS**

Sola Impact Group monitors the Properties held by each Fund on an ongoing basis.

The Firm's Investment Committee must approve all portfolio investments and dispositions and is actively involved in analyzing each investment and reviewing those investments on an on-going basis.

The Investment Committee meets at least every two weeks to review ongoing monitoring activities and to evaluate potential new platform investments, add-on acquisitions, and divestitures. Sola Impact Group's Investment Committee includes Martin Muoto and Gary Lusk, as well as the current sitting Vice President of Finance, Vice President of Acquisitions and Senior Vice President of Development. Other professionals, who may tour potential investment properties, review investment or due diligence materials and otherwise provide valuable insight, may be included in the Investment Committee meetings, as needed.

The Funds are audited annually by an independent, certified public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"). Audited financials are sent to each investor on a timely basis.

In addition to annual audited financials, investors in each Fund receive quarterly Operations Summary Reports, capital account statements and unaudited combined Financial Statements containing valuation and performance information for the applicable Fund.

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

Currently, the Funds are the Firm's only clients. As disclosed at Item 4 of this Brochure, the Funds receive unfunded or partially funded capital commitments from investors during one or more initial fundraising stages, after which the Funds are generally closed to new investors.

Sola Impact Group or the General Partner anticipate that it will enter into one or more arrangements to compensate a third party to assist in the offer, sale or marketing of the Funds' interests during the fundraising stage. Although common, such referral arrangements do

create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Sola Impact Group Funds are the most suitable to the prospective investor's needs. To address this potential conflict of interest, before any subscription is accepted all referred investors are carefully screened to reasonably ensure that the particular Fund is suitable to the prospective investor's investment needs, objectives and risk tolerance.

Other than as disclosed at Items 5, 10 and 12 of this Brochure, neither Sola Impact Group, nor any officer, director or employee of Sola Impact Group, receives compensation from third parties in connection with providing investment advice to the Funds.

#### **Item 15 CUSTODY**

Because we act as investment adviser to the Funds and are affiliated with each Fund's General Partner through common ownership and control, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, we have each of the Funds audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the PCAOB. We send, directly or through a third party, the audited financials to each Fund investor within 120 days of the applicable Fund's fiscal year end.

#### **Item 16 INVESTMENT DISCRETION**

As investment adviser to the Funds, Sola Impact Group is granted the discretionary authority in the relevant Fund documents to determine the investments (and the amounts paid for the investments) that are to be bought or sold on behalf of the Funds.

#### **Item 17 VOTING CLIENT SECURITIES**

Because the Funds invest in real estate properties and form special purpose vehicles to do so, rather than investing in publicly traded entities or investment companies, Sola Impact Group is not required to vote proxies.

#### **Item 18 FINANCIAL INFORMATION**

Under no circumstances will Sola Impact Group require or solicit the prepayment of fees in excess of \$1,200 more than six months in advance of services rendered; therefore, we are not required to include a financial statement with this Brochure.

Sola Impact Group has not been the subject of a bankruptcy petition at any time during the past ten years.