



**Form ADV Part 2A- Firm Brochure**

**CIM CAPITAL, LLC**  
**(formerly known as CIM Investment Advisors, LLC)**

**March 2019**

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**This brochure provides information about the qualifications and business practices of CIM Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 323.860.4900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

**Additional information about CIM Capital, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

This annual update contains the following material changes since March 2018:

In 2018, an affiliated limited purpose broker-dealer, CCO Capital, LLC, began acting as dealer manager and/or placement agent for certain CIM Funds.

Effective January 1, 2019, CIM Investment Advisors, LLC changed its name to CIM Capital, LLC.

Effective January 1, 2019, CIM Capital, LLC created four relying advisers (CIM Capital Real Property Management, LLC; CIM Capital RE Debt Management, LLC; CIM Capital Controlled Company Management, LLC and CIM Capital Securities Management, LLC) all of which conduct a single advisory business; however, neither the CIM Capital, LLC nor its relying advisers are currently an adviser to a private fund. All funds managed by CIM Capital, LLC and its relying advisers rely on Section 3(c)5(C) of the 1940 Act, as necessary.

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#### Item 4: Advisory Business

CIM Capital, LLC (“CIM”) is a limited liability company organized under the laws of the state of Delaware and based in Los Angeles, California. CIM was formed in March 2015 and began its advisory business after becoming registered with the SEC on August 26, 2015. In December 2015, CIM Group, LLC (together with its affiliates, “*CIM Group*”) assigned all of its investment advisory agreements to CIM. CIM acts as an investment adviser to certain CIM Group Clients (as defined herein).

CIM provides investment advisory services primarily to investment funds, including commingled funds and single investor funds, including co-investment vehicles and separately managed accounts, (all such funds are collectively referred to herein as “*Funds*”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “*Investment Company Act*”) pursuant to Sections 3(a)(1), 3(c)(5)(C), 3(c)(6), 3(c)(7) or 3(c)(1) thereof, and directly to non-Fund institutional investors, high net worth individuals and family offices. CIM does not currently provide investment advisory services directly to unaccredited retail investors or to registered investment companies. CIM refers to each of the Funds, together with its non-Fund clients, individually as a “*Client*” or collectively as “*Clients*.” Please note, CIM’s definition of “*Client*” may be different in some cases to the Form ADV Part 1 definition of *client*.

In addition, CIM offers integrated arrangements to certain investors (“*Multi-Fund Investors*”), pursuant to which Multi-Fund Investors are offered the opportunity to invest in multiple Funds.

CIM is wholly owned by CIM Group, which has owned and operated urban real estate and real estate related assets and infrastructure assets for more than 20 years. Mitsui & Co., Ltd., a Japanese financial conglomerate, owns a 20% interest in CIM Group. The founders and principal owners (“*Founding Principals*”) of CIM Group are Richard Ressler, Avi Shemesh and Shaul Kuba.

CIM has 12 employees and three additional supervised persons, as well as access to CIM Group’s more than 500 employees. CIM’s investment committee (“*Investment Committee*”) consists of all the principals of CIM Group and certain other employees. Please see “Item 8: Methods of Analysis, Investment Strategies and Risk of Loss” for more information regarding the Investment Committee.

CIM is a process and research driven investment adviser that seeks to mitigate investor risk through the fundamental analysis of the long-term drivers of investment value and to deliver strong risk-adjusted returns by utilizing CIM Group’s vertically-integrated team, community qualification methodology and investment discipline.

CIM’s investment advisory business encompasses various strategies, including five current strategies: opportunistic real estate (“*Opportunistic Strategy*”), core/stabilized real estate, (“*Core/Stabilized Strategy*”), value-add real estate (“*Value-Add Strategy*”), debt (“*Debt Strategy*”) and infrastructure (“*Infrastructure Strategy*”).

CIM Group expects to continue to own and operate real estate, real estate-related and infrastructure assets for its own account.

CIM tailors its advisory services to the needs of each Client. Please see “Item 8: Methods of Analysis, Investment Strategies and Risk of Loss” for more information regarding CIM’s investment methodology.

With the exception of Multi-Fund Investors and certain separately managed accounts, CIM generally has discretionary authority to manage accounts on behalf of its Clients in accordance with such Client’s investment objectives, strategies and limitations and pursuant to the terms of the investment management agreement with each such Client. Multi-Fund Investors are expected to exercise discretion over their accounts (but not the underlying Funds), and certain investors in separately managed accounts exercise discretion over their accounts. In the case of Fund Clients, the investment management agreement is generally entered into on behalf of the Fund by the Fund’s general partner or managing member, who is generally a member of CIM Group. Additional investment objectives, strategies and limitations for Fund Clients are also generally set forth in the Fund’s organizational and offering documents (such documents, together with investment management agreements, “*Governing Documents*”).

CIM anticipates that it may, in the future, co-invest with and/or act as a co-adviser or sub-adviser to Clients of an affiliated investment adviser. In such cases, the allocation of responsibilities among the advisers and/or general partners and managing members will be set forth in the Governing Documents.

### ***Real Estate and Real Estate Related Assets Investment Strategies***

CIM’s real estate and real estate related assets investment strategies generally, but not exclusively, focus on assets located in traditional downtowns of cities and main streets of densely populated communities that CIM has qualified for investment (“*Qualified Communities*”). Qualified Communities are either well-established, thriving urban areas where CIM believes it has an opportunity to acquire assets for prices below long-term, normalized values or transitional urban districts that have dedicated resources to becoming vibrant urban communities. In either case, CIM seeks to identify urban communities that merit the extensive efforts CIM will undertake in making investments.

For transitional urban districts, the qualification criteria include the following:

- improving demographics;
- broad public support for CIM’s investment approach;
- private investment;
- underserved niches in the community’s real estate infrastructure; and
- the potential to invest a minimum of \$100 million of opportunistic equity within five years.

For well-established, thriving urban areas, the qualification criteria include the following:

- positive demographics;
- public support for investment;
- opportunities below intrinsic value; and
- the potential to invest a minimum of \$100 million of opportunistic equity within five years.

Once a community is qualified, CIM proactively identifies and evaluates specific investment opportunities through its own market analysis and due diligence. In addition, CIM actively seeks opportunities from CIM Group's relationships, including CIM Group's broad network of real estate brokers, property owners, municipalities, redevelopment agencies, consultants, architects, national and regional retail tenants, builders, and prospective partners.

### *Opportunistic Strategy*

CIM's Opportunistic Strategy generally, but not exclusively, focuses on equity and debt investments in real estate and real estate related assets, such as retail, residential, office, hotel and other asset types (including entertainment, parking and signage) that are located in Qualified Communities and that require significant development or repositioning efforts, possible entitlement changes, new construction, substantial development or adaptive reuse, and/or full lease-up.

### *Core/Stabilized Strategy*

CIM's Core/Stabilized Strategy generally, but not exclusively, focuses on equity and debt investments in stabilized real estate and real estate related assets as follows:

Core: Stabilized real estate assets in CIM's Qualified Communities. CIM's stabilized real estate assets benefit from the development, repositioning, leasing, and property management activities of CIM's opportunistic strategy, which enhances overall community property values.

Core+: Properties in CIM's Qualified Communities with current cashflow and potential for upside through active asset management & community improvement. Returns are driven by cashflow yield and asset-level value appreciation. Target property types are office, apartment, industrial, retail and mixed use.

### *Value-Add Strategy*

CIM's Value-Add Strategy generally, but not exclusively, focuses on equity and debt investments in real estate and real estate related assets such as retail, residential, office, hotel and other asset types (including entertainment, parking and signage) located in Qualified Communities that generally have a cash flow profile that can be improved and require lease-up, re-development, repositioning, change of use, and/or entitlement modification.

### *Debt Strategy*

CIM's Debt Strategy generally, but not exclusively, focuses on originating and managing real estate loans on properties located within CIM's Qualified Communities, including limited and/or non-recourse junior loans (b-note or mezzanine) and senior construction loans, bridge loans, acquisition loans, and repositioning loans.

### *Infrastructure Strategy*

CIM's infrastructure strategy is an extension of CIM's urban investment strategy, and generally, but not exclusively, focuses on equity and debt investments in what CIM considers to be high

quality core-plus and value-added infrastructure assets, including in the following infrastructure sectors: (i) energy and utilities, including renewable energy generation; (ii) water management, including water storage and treatment facilities; (iii) transportation, including parking and urban transportation facilities; (iv) waste management, including recycling and waste-to-energy facilities; and (v) communications and social infrastructure, including healthcare facilities and wireless communications sites.

### ***Management of Client Assets***

As of December 31, 2018, CIM has \$572,031,936 of Regulatory Assets under Management.

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

### ***Management Fees***

Management fees (“*Management Fees*”) for non-Fund Clients are individually negotiated and vary between Clients and, for Fund Clients, are individually negotiated between investors in a particular Fund. For example, certain Fund investors pay a reduced Management Fee at CIM’s discretion based on, among other things: the amount of capital committed, the number of investments made by the investor, its affiliates and/or its related investors in that or other Funds, and the timing of the investor’s investment in the Fund. For example, first-close investors can pay a materially lower Management Fee than second- or subsequent-close investors. CIM also does not charge Management Fees to its own affiliates who are Fund investors.

Investors in both commingled Funds and co-investment vehicles pay Management Fees in both Funds, but investors who invest in both commingled Funds and co-investment vehicles typically pay lower Management Fees in the co-investment vehicles than investors who invest solely in co-investment vehicles.

Management Fees are paid on a periodic basis, generally, but not exclusively, quarterly, either in advance or in arrears. Management Fees are typically not refundable. To the extent that a Management Fee is payable for less than a full payment period, the amount will be appropriately prorated. Management Fees are either billed to Clients (or, in the case of Funds, investors) or deducted from available funds as negotiated with specific Clients and specified in the Governing Documents.

Multi-Fund Investors are expected to benefit from side letters or other similar agreements that have the effect of establishing rights under, or altering or supplementing the terms of, the Governing Documents of the Funds in which Multi-Fund Investors invest. Such rights or terms are expected to include economic rights, including, without limitation, waivers, amendments, modifications, or rebates with respect to the Management Fees and/or performance-based fees to which the Multi-Fund Investor is subject.

#### ***(1) Opportunistic and Infrastructure Strategies***

Annual Management Fees for Clients in the Opportunistic and Infrastructure Strategies (“*Opportunistic and Infrastructure Management Fees*”) are generally based on a percentage of (i) the Client’s aggregate capital commitments during the commitment period and (ii) the Client’s unreturned capital actually invested or committed to investments following the commitment period.

#### ***(2) Core/Stabilized Strategy***

Annual Management Fees for Clients in the Core/Stabilized Strategy (“*Core/Stabilized Management Fees*”) are generally based on a percentage of the Client’s asset value, measured on either a gross or net basis depending on the Client.



### **(3) Valued-Add Strategy**

Annual Management Fees for Clients in the Value-Add Strategy (“*Value-Add Management Fees*”) are generally based on a combination of two components: (1) a percentage of the Client’s net operating income and (2) a percentage of any one or more of the following: (i) the Client’s aggregate capital commitments, (ii) the Client’s unreturned capital actually invested or committed to investments or (iii) the Client’s asset value, measured on either a gross or net basis depending on the Client.

### **(4) Debt Strategy**

Annual Management Fees for Clients in the Debt Strategy (“*Debt Management Fees*”) are generally based on either (1) a percentage of the Client’s net asset value or (2) a combination of two components: (i) a percentage of the Client’s aggregate capital commitments and (ii) a percentage of the Client’s capital actually invested or committed to investments.

### ***Non-Investment Advisory Services (Other Services) Fees***

CIM Group provides non-investment advisory services (“*Other Services*”) that would otherwise be provided by third parties to CIM Clients for additional compensation (“*Other Services Fees*”). The terms and conditions upon which Other Services are provided and the terms and conditions of Other Services Fees are individually negotiated with each Client and are set forth in the Governing Documents. For example, CIM Group provides property management, development, leasing, and multifamily residential sales services to real estate assets, loan servicing and work-out services to debt investments and operating and administration services to infrastructure portfolio companies. Other Services Fees do not reduce or offset Management Fees. Generally, for newer vintage Clients, Other Services Fees: (1) are at rates that do not exceed certain specified and agreed upon limits, usually a percentage of gross property revenues, gross contract price, base rent or gross sales, depending on the type of Other Services provided; (2) require the consent of the advisory board or all limited partners, as set forth in the Governing Documents; or (3) are otherwise no less favorable to the CIM Client and/or its investment than the arm’s-length rates on which the CIM Client or such investment could obtain comparable services from an unaffiliated service provider, taking into account the nature of the relevant asset type and the special services required.

CIM believes that CIM Group’s performance-based fee compensation incentivizes CIM Group to provide Other Services in a manner that increases the value of Client investments. CIM also believes that CIM Group has superior knowledge and expertise in urban real estate and real estate related assets and infrastructure assets as compared to many competing third-party service providers. Please see “Item 8: Methods of Analysis, Investment Strategies and Risk of Loss—Material Risks—Other Services Fees” for more information regarding these services.

### ***Other Fund Client Fees and Expenses***

Fund Clients are responsible for their organizational and operating expenses in accordance with their Governing Documents. Such operating expenses generally include the following and other similar expenses:

- All reasonable out-of-pocket fees, costs and expenses incurred in identifying, sourcing, marketing, evaluating, originating, developing, negotiating, structuring, acquiring, monitoring, holding, protecting, strengthening, financing, refinancing, mortgaging, performing valuations, exchanging, realizing, heading and disposing of properties owned by the Fund Client, including any associated Other Service Fees, financing, legal, auditing, accounting, advisory, consulting, other third-party and/or any travel, accommodation and meal expenses, deposits funded thereon, brokerage commissions, research and quotation service fees and expenses, custodial expenses, costs and expenses for organizing, maintaining and complying with requirements of any subsidiaries through which the Fund Client may invest, any costs and expenses related to the negotiation of co-investments or similar arrangements and other costs incurred with respect to investments and any other out-of-pocket amounts incurred with respect to such properties;
- Out-of-pocket fees, costs and expenses of any administrators, custodians, consultants, counsel, auditors, accountants, appraisers, independent valuation advisors and other professional advisors;
- Out-of-pocket costs and expenses incurred while developing potential investments that are not ultimately made;
- Out-of-pocket costs and expenses of negotiating co-investment agreements and the Fund Client's share of any fees, costs and expenses incurred in connection with establishing and maintaining any vehicles through which the Fund Client makes any co-investments or owns together with co-investors;
- Insurance, indemnity or litigation expenses;
- Out-of-pocket expenses of any advisory board contemplated by the Fund governing documents, where applicable;
- Taxes, fees or other governmental charges levied against the Fund Client;
- Interest on and fees and expenses related to or arising from any indebtedness, guarantees or hedging activities;
- Expenses of liquidating the Fund;
- Expenses and costs associated with reporting to and meetings of the advisory board and of the limited partners contemplated by the Fund governing documents, where applicable;
- Extraordinary expenses, such as expenses, settlement accounts and awards relating to litigation, arbitration or other forms of dispute resolution of the Fund Client, the general partner, CIM or any affiliate, director, manager, officer, employee, member, partner, shareholder, delegate, agent or contractor of any of them entitled to indemnification in respect thereof;

- Real estate and other taxes, licensing fees, permit fees and other governmental charges, fees and expenses and all expenses in connection with any audit, investigation, settlement or review;
- Out-of-pocket expenses incurred in connection with the Fund Client's legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation
- Out-of-pocket costs and expenses incurred in connection with compliance with any side letters or other written agreements, where applicable; and
- Information technology expenses associated with any computer software or hardware procured by or on behalf of the Fund Client.

The Governing Documents of each Fund Client provide greater detail regarding the fees and expenses to which each such Fund Client is subject.

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

### ***Performance-Based Fees***

CIM is generally entitled to performance-based fees from Clients. For Fund Clients, performance-based fees are generally earned by the Fund's general partner or managing member or an affiliate, who are members of CIM Group, rather than CIM itself, on terms specified in the Fund's Governing Documents. The terms of any such fee arrangements are individually negotiated and are, in all cases, in compliance with the Advisers Act. Multi-Fund Investors are expected to benefit from side letters or other similar agreements that have the effect of establishing rights under, or altering or supplementing the terms of the Governing Documents of the Funds in which Multi-Fund Investors invest, including, without limitation, rebates with respect to the Management Fees and/or performance-based fees to which the Multi-Fund Investor is subject.

### ***Performance-Based Fees and Allocation of Investment Opportunities***

Performance-based fee arrangements create an incentive for CIM to recommend investments that may be riskier or more speculative than those that CIM would otherwise recommend under a different fee arrangement. In addition, the manner in which performance-based fees are determined may result in a conflict between CIM's interests and the interests of the Client with respect to the sequence and timing of disposals of investments. Performance-based fee arrangements also create an incentive for CIM to favor Clients with performance-based fee arrangements over Clients that are not charged a performance-based fee, and to favor one Client with performance-based fee arrangements over another Client with similar arrangements, depending on the relative likelihood that CIM Group will earn performance-based fees from such Clients, and the likely amounts thereof. CIM has adopted an Investment Allocation Policy and constituted an Investment Allocation Committee as described below to mitigate allocation risks.

### ***Performance-Based Fees and Leverage***

Leverage typically increases the possibility of earning performance-based compensation, at the risk of greater loss. To the extent CIM or CIM Group is entitled to receive performance-based compensation from a Client, CIM has an incentive to use leverage on behalf of such Client. The amount of leverage that a Client can incur will be specified in the Client's Governing Documents.

### ***Side-by-Side Management***

CIM advises multiple Clients that are actively investing in the same strategy at a given time. These Clients have differing fee arrangements, and some, but not others, pay performance-based fees. As discussed in "—Performance-Based Fees" above, the existence of such differing fee arrangements creates conflicts of interest for CIM. CIM Group invests in some, but not all, Funds managed by CIM. CIM Group also invests in real estate and real estate related assets as well as infrastructure assets for its own account. Side-by-side management and CIM Group's own active investment portfolio creates conflicts of interests for CIM in allocating investment opportunities among its Clients and between its Clients and CIM Group. The Investment Allocation Policy and Investment Allocation Committee are intended to mitigate such conflicts.

### *Side-by-Side Investments*

CIM advises Clients that invest alongside other Clients in particular investments, for example, by investing (including by assignment or participation) in pieces of the same debt facility, and by co-investing in a single real estate or infrastructure asset. CIM advises Clients to enter into such side-by-side investments when it is in the interest of each participating Client; for example, in order to diversify exposure to a single asset, asset class, or geographic region, or because a Client brings particular knowledge or expertise to bear that is expected to improve the performance of the investment. The terms and conditions under which side-by-side investments are made are set forth in the Clients' Governing Documents.

Among the side-by-side investments are co-investments in Fund investments by investors in that Fund or by other CIM Clients. The terms under which such co-investments are offered are set forth in the Fund Client's Governing Documents. Such co-investment opportunities are generally offered first, on an expedited basis, to the investors in that Fund and second, if the co-investment opportunity is not fully subscribed, at CIM's discretion, broadly to investors in other Funds and other existing or prospective Clients. Co-investments that are oversubscribed by Fund investors in the expedited offering are generally allocated among such investors pro rata based on each investor's Fund capital commitment, subject to a minimum investment size. However, in allocating co-investment opportunities, CIM will also typically consider other factors, such as the prospective investors speed and certainty of execution and whether it brings particular knowledge or expertise to bear that is expected to improve the performance of the investment. Allocations to investors during the second offering will be made at CIM's discretion.

Co-investments generally occur within one year of the Fund Client's initial investment in the asset. Co-investors who invest in an asset after the Fund's investment generally pay a preferred return to the Fund originally investing in the asset, the amount of which is determined by CIM in its discretion. The rate of preferred return so payable does not generally vary between Clients in a single co-investment.

Certain Fund investors and Clients, including Multi-Fund Investors, receive favorable terms with respect to side-by-side investment opportunities, including greater access to such opportunities and reduced or waived Management Fees and/or performance-based fees. Investing in a Fund or becoming a Client does not entitle an investor to participate in side-by-side investment opportunities generated by other Clients, and such opportunities are typically offered selectively to other Fund investors and/or other existing or prospective Clients. The Investment Allocation Policy and Investment Allocation Committee are intended to mitigate such allocation conflicts.

As part of its investment strategy, CIM keeps its Fund sizes relatively small in order to make co-investment opportunities available, first to Fund investors and second to investors in other Funds and/or other existing or prospective Clients. CIM receives Management Fees and performance-based fees from all Clients participating in side-by-side investments, which allows CIM to receive fees from both the original Client and the co-investor Client(s) with respect to a particular asset. Such fee arrangements create an incentive for CIM to offer more side-by-side investment opportunities than it otherwise would in the absence of such fees. There are also conflicts of interest between Clients investing in side-by-side investments with regard to the allocation of expenses, the exercise of control rights, and the structuring and/or the timing of the acquisition

and/or disposition of the particular investment. Please see “Item 8: Methods of Analysis, Investment Strategies and Risk of Loss—Material Risks—Side-by-Side Investments,” for more information on the risks and conflicts that arise from side-by-side investments.

#### *Side-by-Side Management and Investment Allocation Policy*

CIM has adopted a Side-by-Side Management and Investment Allocation Policy (the “*Investment Allocation Policy*”) designed to treat its Clients fairly and equitably and prevent conflicts from influencing the allocation of investment opportunities. The Investment Allocation Committee (as defined below) is responsible for implementing the Investment Allocation Policy.

Pursuant to the Investment Allocation Policy, CIM determines the allocation of investment opportunities in good faith, taking into account relevant facts and circumstances. New investment opportunities are classified by the applicable investment team according to investment strategy/objective (for example, whether it is most appropriate for a Client investing in stabilized, opportunistic, value-add, debt or infrastructure strategies, taking into account the risk/return profile for each of these types of investments). If an investment is suitable for two or more Clients with similar or overlapping investment strategies that have the capacity to make such investment, CIM’s Investment Allocation Committee determines the allocation by considering, among other things, the following factors with respect to each of the applicable Clients and the relative weight that should be given with respect thereto:

- the investment guidelines and/or restrictions, if any, set forth in the Client’s Governing Documents;
- the Client’s risk and return profile;
- the suitability/priority of a particular investment for the Client;
- the Client’s available capital for investment;
- the aggregate capital committed to the Client; and
- the age/vintage of the Client’s account or Fund, and the remaining term of the Client’s investment period, if any.

In considering the suitability/priority of a particular investment for a Client, CIM’s Investment Allocation Committee considers, among other factors, whether:

- the investment opportunity is contiguous or proximate to an existing investment;
- the investment opportunity is being made in conjunction with the strategic expansion plans of an existing investment;
- the investment opportunity is being pursued with a sponsor/partner that is also a sponsor/partner in an existing investment;

- there are economic ties/relationships between the investment opportunity and an existing investment; and
- the size and/or product type of the investment opportunity enhances existing diversification within the Client's portfolio.

Priority is generally given to Clients that are in their asset accumulation period (either pre-closing or investment period) or have undrawn commitments over Clients that are outside their asset accumulation period or have no undrawn commitments. However, application of one or more of the factors listed above, or other factors determined by the Investment Allocation Committee to be relevant/appropriate, may result in an allocation to a Client outside its asset accumulation period over a Client within its asset accumulation period.

If after considering the factors discussed immediately above, the Investment Allocation Committee remains unable to determine allocation of an investment opportunity to two or more Clients, a strict rotation system is employed. Such Clients are listed on a rotation schedule in the order of their inception dates (i.e., date of the investment management agreement), from the latest to the earliest inception dates. The Client with the most recent inception date is, therefore, placed first on the rotation schedule and is the first to be offered the relevant investment opportunity.

Once an investment opportunity is offered to a Client in accordance with the foregoing rotation schedule, such Client is placed last on the rotation schedule, and all other Clients are moved one space higher on the schedule. The Client assuming the newly vacated position at the top of the schedule is then offered the next available and relevant investment opportunity allocated through the rotation schedule.

If a Client forgoes an investment opportunity or subsequently relinquishes or abandons the opportunity after accepting, the opportunity is then offered in the order that the remaining Clients are listed on the rotation schedule, beginning with the Client with the next most recent inception date, until the investment opportunity has been wholly allocated.

#### *Investment Allocation Committee*

CIM's investment allocation committee ("*Investment Allocation Committee*") is primarily responsible for implementing the Investment Allocation Policy, including resolving allocation conflicts. The Investment Allocation Committee is comprised of four of CIM Group's principals, including: CIM Group's three Founding Principals and its Chief Compliance Officer. The size, composition, and policies of the Investment Allocation Committee are changed from time to time.

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

As previously mentioned, CIM provides investment advisory services primarily to Funds that are exempt from registration under the Investment Company Act pursuant to Sections 3(a)(1), 3(c)(5)(C), 3(c)(6), 3(c)(7) or 3(c)(1) thereof. CIM also provides investment advisory services directly to non-Fund institutional investors, high net worth individuals and family offices. CIM does not currently provide investment advisory services directly to nonaccredited retail investors or to registered investment companies. CIM Group invests in some, but not all, Fund Clients.

The minimum capital commitment to invest in a Fund generally ranges between \$5 and \$25 million, depending on the Fund; however, the Fund's general partner or managing member generally has the discretion to reduce the minimum capital commitment. All Fund investors are subject to applicable financial sophistication requirements and CIM requires Fund investors to be "qualified purchasers" ("*Qualified Purchasers*"), as defined in Section 2(a)(51) of the Investment Company Act. In addition, CIM requires that U.S. Fund investors be "accredited investors" as defined in Regulation D under the Securities Act and that non-U.S. Fund investors satisfy the requirements of Regulation S under the Securities Act.

There are no minimum account sizes for non-Fund Clients. However, CIM expects such Clients to be Qualified Purchasers.



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

### ***Generally***

CIM is a process and research driven investment adviser that seeks to mitigate risk through the fundamental analysis of the long-term drivers of investment value. CIM also seeks relative value opportunities by targeting investments that are priced below their long-term intrinsic value. Finally, CIM seeks to deliver strong risk-adjusted returns by utilizing CIM Group's vertically-integrated team, community qualification methodology and investment discipline.

CIM's underwriting approach for both debt and equity is based on adherence to stringent investment guidelines regardless of market conditions. CIM employs multiple underwriting scenarios for all investments, including a "long-term average" underwriting scenario and a "current market case" underwriting scenario, and underwrites all of its equity investments on both a leveraged and unleveraged basis. CIM's long-term average underwriting is based on CIM's belief that, over the life of any given investment, a Client should be able to exit its investment at long-term historical averages.

CIM seeks to provide capital preservation and downside protection through extensive diligence into asset collateral value. In addition, CIM attempts to invest equity in assets where it can invest at a meaningful discount to: (i) historic trading and transaction multiples and/or (ii) replacement cost.

CIM draws upon the resources of CIM Group to execute its investment strategy. Since 1994, CIM Group has managed various investment vehicles investing in urban real estate and real estate related assets and infrastructure assets on behalf of itself and institutional investors. Beginning with its three Founding Principals, CIM Group has grown into a cohesive national organization with over 900 employees, located throughout the U.S. CIM Group's primary corporate offices are located in Los Angeles, CA (headquarters), Oakland, CA, Bethesda, MD, Dallas, TX, Chicago, IL, Phoenix, AZ and New York, NY.

### ***Investment Committee***

CIM's Investment Committee is responsible for making the investment decisions for each discretionary Client and recommending investments to non-discretionary Clients, pursuant, in each case, to the terms of the Client's Governing Documents. The Investment Committee is comprised of CIM Group's Principals and other select officers and employees of CIM (collectively, "*Committee Members*"). At any meeting of the Investment Committee, a majority of Committee Members, which must include all three Founding Principals, constitutes a quorum. Unanimous approval of CIM Group's three Founding Principals and the majority vote of all Committee members present at an Investment Committee meeting at which a quorum is present is required for the acquisition or disposition of an investment. The size, composition, and policies of the Investment Committee are changed from time to time.

### ***Asset Management Committee***

CIM's asset management committee ("*Asset Management Committee*") is responsible for overseeing the management of each Client's investments, pursuant to the terms of the Client's

Governing Documents. Among other things, the Asset Management Committee reviews and approves each investment's strategic plan and annual business plan. The Asset Management Committee is comprised of CIM Group's three Founding Principals, the Managing Director of Portfolio Oversight and CIM's Chief Compliance Officer. The size, composition, and policies of the Asset Management Committee are changed from time to time.

#### *Investment Allocation Committee*

Please see "Item 6: Performance-Based Fees and Side-by-Side Management—Side-by-Side Management—Investment Allocation Committee" for a description of the Investment Allocation Committee.

### ***Discipline***

#### *Real Estate and Real Estate Related Assets Investment Strategies*

CIM's investment discipline for its real estate and real estate related assets investment strategies places a top priority on addressing the short-and long-term needs of a community. It relies upon rigorous quantitative investment analysis as well as a qualitative understanding of the inherent risks and opportunities within communities.

CIM's urban investing discipline is based on the premise that the best way to create or enhance value is to focus on a community as a whole, by investing in varied assets or asset classes within that community. This philosophy is intended to enable CIM to more efficiently realize the benefits of a community's development across each of CIM's investment strategies through their distinct risk/reward profiles. CIM's investment philosophy is non-product specific and driven by the principle that every investment should correlate with the opportunities in the community in both the near- and long-term.

CIM's investment strategy is process oriented in its origination and diligence capabilities. CIM draws upon CIM Group's 25-year history of investing in communities across North America, which has enabled CIM Group to develop an understanding of the complex nature of urban investing as well as how best to leverage its extensive real estate development and operation expertise. All of CIM's investment strategies invest based on the belief that the appropriate consideration of the needs and opportunities within a community will lead to the most successful investments.

Before making an investment in a particular asset or community, CIM undertakes a rigorous quantitative and qualitative diligence process. The combination of quantitative expertise, underwriting, capital markets, and historical analysis, with a qualitative understanding of the needs and potential of a given community, are expected to enable each of CIM's investment strategies to deliver strong results when compared to peer and asset-class benchmarks through all phases of the market cycle.

CIM seeks to be a hands-on, catalytic, and transformational investor. CIM believes this approach allows it to leverage its perspective, expertise, relationships, and operational experience to increase investment value.

CIM draws upon CIM Group's in-house teams, which have experience in all areas of real estate operations, including investment management, development, capital markets, property management, leasing, multifamily residential sales, hotel management and financial controls and reporting.

### *Infrastructure Strategy*

CIM's infrastructure strategy is a natural extension of CIM's real estate and real estate related assets investment strategies, with all strategies sharing similar underlying investment fundamentals and targeted assets (tangible assets serving community residents, businesses, and stakeholders). Through public and private transactions, the Infrastructure Strategy seeks to provide infrastructure solutions to urban communities. CIM capitalizes on CIM Group's expertise across operational functions, industries, and geographies, including in development, permitting and construction, "local" market knowledge and experience, relationships with public and private agencies and consistent underwriting discipline, in its infrastructure investments.

Through interactions with various public and private agencies and industry groups, CIM has identified certain infrastructure sectors in North America where it intends to focus, most notably: (i) energy and utilities, including renewable energy generation; (ii) water management, including water storage and treatment facilities; (iii) transportation, including parking and urban transportation facilities; (iv) waste management, including recycling and waste-to-energy facilities; and (v) communications and social infrastructure, including healthcare facilities and wireless communications sites that support urban communities.

By leveraging CIM Group's community-focused real estate and real estate related assets investment strategies, CIM aims to source and secure proprietary investment opportunities that provide infrastructure essential to the everyday lives of urban residents. CIM believes that its community-focused approach will enable CIM to create superior infrastructure solutions for public and private stakeholders, establish a strong alignment of interest among project counterparties and identify investment opportunities in attractive urban markets across North America.

### *Debt Strategy*

CIM believes its experience as a real asset manager is one of the main drivers of new and diverse debt deal flow opportunities. Transactions have been and are expected to be sourced directly from borrowers, referrals from other industry professionals with whom CIM has historically done business as well as mortgage brokers. CIM has the ability to understand a transaction from different positions in the capital stack and quickly make well-informed decisions.

The process for evaluating a potential project's viability and assessing value of collateral will be substantially similar to the process CIM uses for its other real asset acquisitions. In addition to supplementing analysis with third party expertise, CIM relies on assessment from its in-house investment and development professionals who have experience executing similar business plans. CIM draws on its experience owning and operating throughout the capital stack to identify key risks in a borrower's business plan and structure relevant development and performance hurdles into loan documents.

After closing a transaction, CIM's Investments team, along with support from CIM's vertically-integrated platform, will continue to monitor the asset's performance. In the event a loan becomes non-performing and CIM believes foreclosure is required, CIM has the in-house staff to manage the asset and execute a business plan.

### ***Risk of Loss***

Investing involves a risk of loss that Clients and investors should be prepared to bear.

### ***Material Risks***

#### ***Illiquidity of Investors' Interests***

CIM focuses its investment advisory business primarily on Funds. Limited partnership and membership interests in Funds are not registered for public sale under the Securities Act or any other securities law and cannot be publicly resold unless they are subsequently registered or an exemption from such registration is available. There is generally no liquid market for interests in non-public Funds, and it is highly unlikely that one will develop. Investors' interests in Funds are thus highly illiquid and should be acquired only by investors able to commit their funds for an indefinite period of time.

Fund investors are generally not permitted to sell, assign, transfer, pledge, hypothecate or participate out any Fund interest except as required by law or with the prior written consent of the relevant general partner or managing member, which consent may be withheld in a general partner or managing member's sole discretion, and the satisfaction of certain other conditions.

#### ***Tax Considerations***

Fund investors will incur different tax consequences, depending on the type of Fund in which they invest. Some Funds are treated as partnerships for federal income tax purposes. These Funds are not subject to federal income tax, and each investor in the Fund is required to include its allocable share of all items of income, gain, loss, and deduction of the Fund in calculating such investor's federal income tax liability, regardless of whether any distributions have been made by the Fund to that investor. An investor's taxable income or tax liability in a particular year could substantially exceed amounts distributed by a Fund to such investor, and a significant portion (or all) of that income may be taxed at ordinary rates. In addition to U.S. federal income tax filing obligations, certain Funds and the investors therein may be subject to taxation (including withholding taxes), and the Funds may be subject to tax filing obligations, in the U.S. state, local and non-U.S. jurisdictions in which the Fund makes investments.

Some Funds elect to be taxed as a real estate investment trust ("REIT"), which is a tax efficient pass-through entity that distributes all earnings. However, if a REIT is not properly managed, it may incur entity level tax, which would be punitive.

CIM expects that a substantial portion of the income and gain earned by some Funds will constitute unrelated business taxable income, which may present special risks to certain investors exempt from U.S. federal income tax. Fund offering documents contain descriptions of tax matters relevant to investors in the Fund.

### *Risks of Real Estate Investments*

Investments in real estate and real estate related assets are subject to the risks inherent in the ownership of real estate assets. These risks include, but are not limited to: the burdens of ownership of real property, general and local economic conditions, adverse local market conditions, the financial conditions of tenants, buyers and sellers of properties, changes in building, environmental, zoning and other laws, changes in real property tax rates, changes in interest rates and the availability of debt financing, changes in operating costs, negative developments in the local, national or global economy, risks due to dependence on cash flow, environmental liabilities, uninsured casualties, unavailability of or increased cost of certain types of insurance coverage (such as terrorism insurance), acts of God, acts of war (declared or undeclared), hostilities, terrorist acts, strikes, and other factors which are beyond the control of CIM.

### *Risks of Infrastructure Investments*

Investment in infrastructure assets are subject to unique and acute risks. Project revenues can be affected by a number of factors, including but not limited to: economic and market conditions, political events, competition, regulation, and the financial position and business strategy of customers. Unanticipated changes in the availability or price of inputs necessary for the operation of infrastructure assets may adversely affect the overall profitability of the investment or related project. Events outside the control of CIM and/or any project owner/operator, could significantly reduce the revenues generated, significantly increase the expense of constructing, operating, maintaining, and/or restoring infrastructure facilities, or result in termination of an applicable concession or other agreement, any of which could significantly impair the value of the infrastructure investment. These events include, but are not limited to: political action, governmental regulation, demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, toll rates, social stability, competition from non-tolled or other forms of transportation, natural disasters, changes in weather, changes in demand for products or services, bankruptcy or financial difficulty of a major customer, and/or acts of war or terrorism.

As a general matter, the operation and maintenance of infrastructure assets or businesses involve various risks and are subject to substantial regulation, many of which would not be under the control of CIM or any project owner/operator, including: labor issues, failure of technology to perform as anticipated, structural failures and accidents, and the need to comply with the directives of government authorities. Although CIM, on behalf of the Client and/or any project owner/operator, maintains insurance to protect against certain risks, where available on reasonable commercial terms (such as business interruption insurance that is intended to offset loss of revenues during an operational interruption), such insurance is subject to customary deductibles and coverage limits and may not be sufficient to recoup all such losses.

### *Risks of Real Estate Loans and Participations*

Real Estate loans may become non-performing for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of such loan. Moreover, it may be necessary or desirable

to foreclose on collateral securing one or more real estate loans. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive.

Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take up to several years or more to conclude. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing management of the property. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Bankruptcy laws may delay the lender's ability to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws may also result in a restructure of the debt without a lender's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to the lender.

Real estate mezzanine financings are generally made to a direct or indirect parent of the property owner in exchange for a direct or indirect pledge of the equity interest in the property owner, rather than to a property owner in exchange for a security interest in the underlying real property. The parent of the property owner is commonly set up as a single purpose entity intended to be "bankruptcy remote" that owns only the equity interest in the property owner. In such a circumstance, remedies in the event of non-performance would include foreclosure on the equity interests pledged by the parent of such property. While the foreclosure process on such equity interests is generally less cumbersome and quicker than foreclosure on real property, such foreclosure process may nevertheless involve the risks discussed herein. Furthermore, such mezzanine financing can involve multiple levels of mezzanine loans to multiple levels of mezzanine borrowers (each pledging its equity interest in the borrower under the more senior financing as collateral) and therefore the value of the mezzanine loans may be negatively affected by separate levels of mezzanine financing. There can also be no guarantee that in such circumstances favorable inter-creditor rights will be negotiated.

Debt Strategy Clients can acquire interests in real estate loans via participation. Holders of participations are subject to additional risks not applicable to holders of direct interests in loans. Participations in a selling institution's portion of a loan typically result in a contractual relationship only with such selling institution, not with the borrower. Holders of a participation in a loan typically have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set off against the borrower, and may not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, the holder of a participation interest will assume the credit risk of both the borrower and the institution selling the participation, which will remain the legal owner of record of the applicable loan. In the event of the insolvency of the selling institution, holders of participation interests may be treated as general unsecured creditors of the selling institution and may not benefit from any set off between the selling institution and the borrower.

### *Litigation at the Property Level*

The acquisition, ownership and disposition of real properties carry certain specific litigation risks. Litigation may be commenced with respect to a property acquired by the Fund or its subsidiaries in relation to activities that took place prior to the Fund'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 potential 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 the Fund's efforts to maximize sale proceeds.

### *Illiquidity of Investments*

The investments made by CIM on behalf of its Clients are illiquid and may include investments in non-performing, sub-performing, distressed, under-capitalized or other troubled assets. Given the nature of the investments made by CIM, there is a significant risk that Clients will be unable to realize their investment objectives by sale or other disposition at attractive prices or within any given period of time, or will otherwise be unable to complete any exit strategy. Because the terms of Fund Clients will be limited, certain investments may be sold at unfavorable prices or, subject to the consent requirements in the relevant Fund's governing documents, may be distributed in-kind to the Fund's investors at liquidation, and those investments may be less liquid than other types of investments or illiquid.

### *Limited Current Return*

The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. Most of a Client's investments will not be sold until a number of years after they are made. Although current returns from investments generally vary, there may be some cases, prior to partial or complete disposition, in which there will be no current return on an investment, and CIM is not obligated to manage investments to maximize current returns.

### *Leverage*

CIM uses leverage in connection with its Clients' investments. This leverage subjects such investments to restrictive financial and operating covenants, which generally impair such investments' ability to finance their future operations and capital needs or limit their flexibility to respond to changing business and economic conditions. In addition, leverage increases such investments' exposure to adverse economic factors such as significantly rising interest rates, severe economic downturns or deteriorations in the condition of the real estate investment or its market. The income and net assets of a leveraged investment will tend to increase or decrease at a greater rate than if borrowed money were not used. Lenders or other holders of senior positions are entitled to a preferred cash flow prior to a Client receiving a return on a leveraged investment, and, in the event an investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of the Client's equity in such investment could be significantly reduced or even eliminated.

Leveraging a Client's assets involves significant complexity. In the event the Client is unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on other unfavorable terms, the Client may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned by the Client. There is no assurance that a Client will be able to obtain financing and, to the extent that it is available, there is no assurance that such financing will be on terms favorable to the Client, including with respect to interest rates.

Fund Clients also engage in financings directly rather than at the level of particular investments, including by way of subscription facilities. The rights of lenders making loans directly to a Fund to receive payments of interest or repayments of principal are senior to those of the Fund investors, and the terms of such borrowings often contain provisions that limit distributions to the investors or certain other activities of the Fund.

Fund borrowings under subscription facilities are generally secured by the investors' obligations to make capital contributions to the Fund. Any inability of the Fund to repay such borrowings could enable a lender to call capital from the investors and to take action against the investors and their interests in the Fund to the extent that such investors fail to fund any such capital call.

#### *Performance-Based Fees*

Performance-based fee arrangements create an incentive for CIM to recommend investments that are riskier or more speculative than those that CIM would otherwise recommend under a different fee arrangement. In addition, the manner in which performance-based fees are determined may result in a conflict between CIM's interests and the interests of the Client with respect to the sequence and timing of disposals of investments. Performance-based fee arrangements also create an incentive for CIM to favor Clients with performance-based fee arrangements over Clients that are not charged a performance-based fee, and to favor one Client with performance-based fee arrangements over another Client with similar arrangements, depending on the relative likelihood that CIM Group will earn performance-based fees from such Clients and the likely amounts thereof.

#### *Allocation of Investment Opportunities*

CIM advises multiple Clients that are actively investing in the same strategy at a given time. These Clients have differing fee arrangements, and some, but not all, pay performance-based fees. CIM Group invests in some, but not all, Funds managed by CIM. CIM Group will continue to invest in real estate, real estate-related and infrastructure assets for its own account. Further, as noted above, the type and amount of fees, including performance-based fees, paid to CIM and CIM Group differs among Clients. Side-by-side management and CIM Group's own active investment portfolio gives rise to conflicts of interest when allocating investment opportunities among Clients, and between Clients and CIM Group. To address conflicts of interest and to fulfill CIM's fiduciary duties to each of its Clients, among other things, CIM has adopted an Investment Allocation Policy and constituted an Investment Allocation Committee. Please see "Item 6: Performance-Based Fees and Side-by-Side Management" for a description of CIM's Investment Allocation Policy and Investment Allocation Committee.



### *Side-by-Side Investments*

CIM advises Clients that invest alongside other Clients in particular investments, for example, by investing (including by assignment or participation) in pieces of the same debt facility, and by co-investing in a single real estate or infrastructure asset. As part of its investment strategy, CIM keeps its Fund sizes relatively small in order to make co-investment opportunities available, first, to Fund investors, and second, to investors in other Funds and other existing or prospective Clients. CIM advises Clients to enter into such side-by-side investments when it is in the interest of all participating Clients; for example, in order to diversify exposure to a single asset, asset class, or geographic region, or because a Client brings particular knowledge or expertise to bear that is expected to improve the performance of the investment. The terms and conditions under which side-by-side investments may be made are set forth in Clients' Governing Documents.

Transaction-specific returns, and a Client's overall return, may be materially affected if the Client's investment in a particular asset is diluted by another Client's side-by-side investment. CIM receives Management Fees and performance-based fees from all Client's participating in side-by-side investments, which creates an incentive for CIM to offer more side-by-side investment opportunities than it otherwise would in the absence of such fees. CIM also has an incentive to offer side-by-side investment opportunities to Clients more likely to pay performance-based fees, such as Client's investing in a single asset (such as co-investment) rather than a pool of assets.

Where two or more Clients invest side-by-side in a particular asset, CIM will likely be presented with decisions in which the interests of the Clients are in conflict, and CIM will likely have conflicting loyalties between its duties to such Clients. For example, conflicts arise with respect to the allocation of expenses, the granting of control rights or exercise of control rights, and the structuring and/or timing of the acquisition and/or disposition of the particular investment. In any such case, actions may be taken that benefit one Client but are adverse to the interests of other Client(s). There can be no assurance that the returns realized by one Client will be equivalent to or better than the returns obtained by other Client(s) participating in the same investment.

### *Other Services Fees*

As described in "Item 5: Fees and Compensation—Non-Investment Advisory Services (Other Services) Fees," CIM Group provides Other Services to CIM Clients in return for Other Services Fees, which services would otherwise be provided by third parties. For example, CIM Group provides property management, development, leasing and multifamily residential sales services to real estate assets, loan servicing and work-out services to debt investments and operating and administration services to infrastructure companies. The terms and conditions upon which Other Services are provided and the terms and conditions of Other Services Fees are individually negotiated with each Client and are set forth in the Governing Documents. Other Services Fees do not reduce or offset Management Fees.

Certain Clients reimburse CIM Group for administrative services provided to Clients, such as internal finance, tax, accounting, legal, compliance, human resources, and information technology. The terms and conditions of such reimbursements are set forth in the Client's Governing Documents.

### *Conflicts Relating to Valuation*

CIM's Management Fee for certain Clients is based on the value of the Client's assets. The participation of CIM Group investment professionals in the valuation process, and CIM's selection of third-party valuation advisors (such as real estate appraisers), creates a conflict of interest. To mitigate this conflict, valuations are subject to the review and approval of a valuation committee ("*Valuation Committee*") comprised of CIM Group's Chief Valuation Officer, Chief Financial Officer, Chief Compliance Officer, one CIM Group Founding Principal, and one CIM Group investment principal. In addition, potential third-party appraisers are selected through a formalized assessment of multiple factors including cost effectiveness, appraiser expertise, and quality of work product. Appraisers are required to be in good standing with a Member of the Appraisal Institute. Appraisal firms will typically be rotated out of the selection process regularly to minimize any conflicts of interest that could result from entrenchment; i.e. the risk that an appraiser could provide advantageous appraisals to ensure its continued retention.

### *Conflicts Relating to Time and Resources of Investment Professionals*

As noted in "Item 4: Advisory Business," CIM has one employee and access to CIM Group employees. While these employees, as well as the officers of CIM, devote as much of their time to CIM's Clients as reasonably required to fulfill CIM's fiduciary duties to its Clients, pursuant to the Governing Documents and in accordance with reasonable commercial standards, they are not exclusive to CIM's current Clients. For example, CIM Group employees will likely, in the future, manage other investment funds, accounts or other investment vehicles with investment objectives similar to those of CIM's current Clients, and/or serve as officers, directors, or principals of entities that operate in the same, or a related, line of business as CIM's current Clients. While such persons are performing their respective roles with and for multiple CIM Clients, competing priorities and allocation of time and responsibilities create a conflict of interest.

### *Reliance on Third Parties*

Clients frequently retain third parties to provide services to its investments. The success or failure of such investments will depend to a significant extent on the performance of such services. Clients also make investments through partnerships, joint ventures, and/or other entities with third parties. While CIM reviews the qualifications and previous experience of such third parties, the selection of a third party co-venture or partner is inherently based on subjective criteria with the result that the performance and abilities of a particular third party will be difficult to assess. The success or failure of such investments may depend, to a significant extent, on the performance of such third party.

### *Risks Associated with Foreign Investments*

CIM invests some Client capital outside of the United States. Investments in foreign countries will be affected favorably or unfavorably by changes in interest rates, due to political and economic factors, including inflation. Because non-U.S. companies are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable with those applicable to U.S. companies, there are often times different types of, and lower quality, information available about non-U.S. companies and their assets. If this were to occur, it would

affect CIM's ability to underwrite and evaluate proposed investments in foreign countries or to obtain appropriate financial reports relating to such investments. In addition, with respect to certain countries, there is an increased potential for corrupt business practices, or the possibility of expropriation or confiscatory taxation, political or social instability, or diplomatic developments that could affect the Client's investments in those countries. While CIM manages each Client's investments in a manner that it believes minimizes exposure to the foregoing risks, there is no assurance that adverse developments with respect to such risks will not adversely affect the assets of Clients that are held in certain countries. Investments in foreign countries are also be subject to currency exchange rate fluctuations, which may adversely affect the returns Clients realize from such investments. While CIM considers hedging such exchange rate exposure, if undertaken, there is no guarantee that any such hedges will be wholly or partially successful.

#### *Lack of Diversification*

While diversification is an objective of the Funds, there is no assurance as to the degree of diversification that will actually be achieved in the Fund's investments. The Fund may make a limited number of investments and, as a consequence, the aggregate return to the Fund may be substantially affected by the unfavorable performance of even a single investment.

#### *Cybersecurity Breaches and Identity Theft*

CIM's information and technology systems 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, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, CIM 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 CIM's and/or the Fund's operations 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).

**Item 9: Disciplinary Information**

CIM has no material facts to report regarding any legal or disciplinary events that would be material to the evaluation of CIM.

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

### ***Affiliated Investment Vehicles***

CIM Group acts as the managing member or general partner of various investment funds that are exempt from registration under the Investment Company Act pursuant to Sections 3(a)(1), 3(c)(5)(C), 3(c)(7) or 3(c)(1) thereof. CIM and its relying advisors are the investment advisers to most of CIM Group's investment funds.

### ***Other Investment Advisers***

CIM has four Relying Advisers (CIM Capital Real Property Management, LLC; CIM Capital RE Debt Management, LLC; CIM Capital Controlled Company Management, LLC and CIM Capital Securities Management, LLC) all of which conduct a single advisory business. Also, CIM and certain management persons are related to the following investment advisers, either registered with the SEC or exempt from registration: OFS Capital Management, LLC, OCV Management, LLC (an exempt investment adviser pursuant to the Venture Capital Fund Exemption created by the Dodd Frank Act) and OFS CLO Management, LLC. OFS Capital Management, LLC advises two business development companies, three CLOs and proprietary funds in investments in middle market and broadly syndicated US loans and middle market equity investments. OFS CLO Management will advise CLOs in investments in broadly syndicated US loans. OCV Management, LLC advises a pooled investment vehicle in investments in control positions in middling and displaced companies in the technology and life science sectors. An affiliate of OCV Management, LLC acts as the general partner for the pooled investment vehicle.

CIM and its Clients may engage in transactions (including side-by-side investments) with Clients of these adviser affiliates, and CIM may provide investment advice to clients of these adviser affiliates. However, CIM does not believe there is a conflict between itself and these entities because they advise on unrelated asset classes. Accordingly, CIM does not compete with these entities with respect to investment opportunities or Clients.

One of CIM Group's Founding Principals, who serves as chairman of CIM's Investment and Asset Management Committees, as well as CIM's Chief Compliance Officer, provide services to OFS Capital Management, LLC, OFS CLO Management, LLC and OCV Management, LLC and their affiliates. A conflict of interest, due to competing priorities and allocation of time and responsibilities, arises when these officers are providing these services.

### ***Broker-Dealer***

CIM Group includes CCO Capital, LLC, a limited purpose broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, Inc., the scope of which is limited to acting as dealer manager and/or placement agent for certain CIM Funds. CCO Capital, LLC does not receive a commission on such sales but is paid for services performed by CIM. Certain employees of CIM are registered representatives of CCO Capital, LLC.

### ***Real Estate Broker***

CIM Group includes real estate brokers that provide real estate brokerage services to CIM's Clients.

### ***Sponsor, General Partner or Managing Member (or equivalent) of Fund Clients***

CIM Group is the sponsor, general partner, or managing member (or equivalent) of all the Fund Clients.

As the sponsor, general partner, or managing member (or equivalent) of Fund Clients, CIM Group manages the Client on behalf of the investors therein, including selecting the Client's investment adviser and engaging affiliates to provide Other Services. To the extent CIM Group shares in the fees earned by its affiliates, including CIM, it has a conflict of interest in determining whether to engage its affiliates to provide such services.

### ***Conflicts Procedures***

CIM has adopted various policies and procedures to address potential conflicts among various Clients and between CIM and its Clients, which CIM refers to as the "*Conflicts Procedures*." These policies and procedures, which will be modified from time to time at CIM's sole discretion, require prior review or approval of certain transactions by the Chief Compliance Officer or members of senior management. Relevant policies and procedures for addressing conflicts with respect to a particular Client are described in greater detail in the Client's Governing Documents. With respect to affiliate transactions or other matters giving rise to conflicts of interest, the relevant Governing Documents, in certain instances, provide for, among other things, consultation regarding, or approval of, such transactions by a person or body, such as an advisory committee comprised of certain of the underlying investors in an investment vehicle.

For a discussion of additional conflicts of interest and CIM's procedures for addressing those conflicts, please see "Item 8: Methods of Analysis, Investment Strategies and Risk of Loss—Material Risks."

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

CIM mandates the highest standards of ethical conduct and care from all of its personnel, including CIM Group employees who provide services to CIM (collectively, “*CIM Personnel*”). CIM Personnel must abide by this basic business standard and must not take inappropriate advantage of their position. CIM Personnel are under a duty to exercise their authority and responsibility for the benefit of the Clients and CIM and are prohibited from having outside interests that inappropriately conflict with the interests of CIM and its Clients. CIM Personnel must avoid circumstances or conduct that adversely affect, or that appear to adversely affect, CIM or its Clients.

### ***Code of Ethics***

Pursuant to Rule 204A-1 of the Advisers Act, CIM has adopted a Code of Ethics to establish applicable policies, guidelines, and procedures that promote ethical practices and conduct by all CIM Personnel and that prevent violations of the federal securities laws, including the Advisers Act. The Code of Ethics is predicated on the principle that CIM owes a fiduciary duty to its Clients. It consists of several policies primarily designed to address potential conflicts of interest, including a Personal Investment Policy, an Inside Information Policy, a Gifts and Entertainment Policy, a Political Activity Policy and an Outside Affiliations Policy.

CIM Personnel must observe the applicable standards of care set forth in the Code of Ethics and are prohibited from seeking to evade the policies and procedures set forth therein in any way, including through indirect acts by family members or other associates. CIM also maintains various compliance policies to assure compliance with other relevant provisions of the Advisers Act (“*Compliance Policies*”). CIM Personnel must certify at least annually that they have read, understand, are subject to, and have complied with the Code of Ethics and its various Compliance Policies. CIM Personnel must comply with applicable federal securities laws and must report violations of the Code of Ethics to the Chief Compliance Officer.

CIM will provide a copy of the Code of Ethics, free of charge, to any Client or Fund investor or any prospective Client or prospective Fund investor upon request. Request a copy of the Code of Ethics by contacting CIM’s Chief Compliance Officer, Mukya S.D. Porter, at 332-860-4900 or [mporter@cimgroup.com](mailto:mporter@cimgroup.com).

### ***Participation or Interest in Client Transactions***

Although CIM does not generally engage in principal transactions with Clients, it does so in limited circumstances in accordance with, and to the extent permitted by, the applicable Governing Documents and the Investment Advisers Act. For example, in order to facilitate asset accumulation during Fund formation, CIM warehouses assets for transfer to a Fund post-closing. CIM Clients engage in cross-transactions with other Clients, as permitted by the relevant Governing Documents. CIM advises Clients that invest side-by-side with other Clients in particular assets.

Also, conflicts of interest typically occur when CIM, its affiliates or any CIM Personnel invest in the same investments, trade in the same investments at or about the same time or have a material financial interest in the same investments that CIM recommends to Clients. The Code of Ethics and the policies and procedures set forth therein have been designed to limit conflicts of interest in cases where CIM, its affiliates or any CIM Personnel, buy, sell, or otherwise have a direct or indirect interest in, investments that CIM has recommended to Clients. Because CIM Clients primarily invest in real estate and real estate related assets and infrastructure assets, it is highly unlikely that CIM, its affiliates or any CIM Personnel will have a direct or indirect interest in such assets.

### ***Personal Trading***

Although, as a general matter, CIM Personnel are not typically able to invest in the assets as CIM's Clients, CIM nonetheless maintains a rigorous and robust Code of Ethics that, among other things, prohibits CIM Personnel from using their knowledge concerning a trade, pending trade, or contemplated investment by any of the Clients, to profit personally as a result of such transaction, including by purchasing or selling such investments.

As required by Rule 204A-1 of the Advisers Act, the Code of Ethics contains a Personal Investment Policy which mandates that CIM Personnel disclose their personal securities holdings and transactions made in a "Reportable Security," as defined in the Code of Ethics. Further, CIM Personnel are generally prohibited from purchasing or selling, for any personal accounts, securities or other obligations of companies or issuers that, at that time, are listed on CIM's "Restricted List," which contains a list of companies or other issuers: (i) about which CIM may possess material non-public information, (ii) to which CIM may owe a fiduciary obligation, or (iii) in which CIM Clients own or intend to purchase an interest. Additionally, CIM Personnel may not invest in an initial public offering or a private placement without the prior written approval of the Chief Compliance Officer or her designee(s).

In addition, the Code of Ethics contains policies and procedures to prevent the misuse of material non-public information by CIM Personnel, including the misuse of material non-public information about its investment recommendations and Client investments and transactions. The Code of Ethics describes what constitutes "material" and "non-public" information and outlines the penalties that CIM Personnel are subject to if they trade on such information.

Moreover, CIM Personnel are prohibited from engaging in "front running." Front running is an illegal practice in which an investment professional takes a position in an investment in advance of an action he or she knows will predictably affect the price of the investment. The Restricted List and the prohibition on front running are intended to prevent conflicts between CIM and CIM Personnel and CIM's Clients.



## **Item 12: Brokerage Practices**

CIM primarily transacts in real estate and real estate related assets and infrastructure assets for its Clients and does not currently utilize securities brokers to effect securities transactions for Clients; however, in the event that CIM seeks to employ a securities broker to effect a securities transaction for a Client, CIM will generally consider both qualitative and quantitative factors in selecting such a broker, including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to request for trade data and other financial information.

CIM does not enter into soft dollar arrangements at this time.

### ***Aggregation***

CIM does not expect to aggregate trades across Clients.

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

### ***Account Review***

All Client investment portfolios are generally illiquid, private and long-term in nature. CIM closely monitors each investment and maintains ongoing oversight with respect to the performance of each investment. CIM's Asset Management Committee monitors each Client's investment portfolio. Please see "Item 8: Methods of Analysis, Investment Strategies and Risk of Loss—Generally—Asset Management Committee" for more information on the composition and responsibilities of CIM's Asset Management Committee.

### ***Reports***

Investors in Fund Clients generally receive annual audited financial statements and quarterly unaudited balance sheets, income statements and summary reports on their respective Fund's investments.

Publicly traded Funds file with the SEC written periodic, quarterly, and annual reports regarding the composition of its portfolios and fund performance and, if requested, provide more frequent reports to the board of directors.

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

CIM has adopted written policies and procedures to govern the use of solicitors and placement agents. Among other things, these policies and procedures require that any agreement CIM enters into with a solicitor be in compliance with Rule 206(4)-3 of the Advisers Act. CIM and/or its Fund Clients also retain placement agents from time to time to sell shares or interest in Funds to eligible investors, as defined in the Fund's Governing Documents.

## Item 15: Custody

Rule 206(4)-2 of the Advisers Act (the “*Custody Rule*”), and certain related rules and regulations under the Advisers Act, impose specific conditions on registered investment advisers who have actual or deemed custody of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). Because CIM generally acts as a discretionary investment adviser to Clients, and CIM Group acts as a general partner or managing member for Funds, CIM is deemed to have custody over such Client’s accounts under the Custody Rule and must meet the applicable conditions of the rule with respect to such Clients.

In general, the Custody Rule imposes the following conditions on investment advisers with custody of client assets:

- (1) The adviser must maintain client funds and securities with a “qualified custodian” in a separate account for each client and under that client’s name, or in accounts that contain only client funds and securities under the adviser’s name as agent or trustee. “Qualified custodians” include federal banks, broker-dealers, and future commissions merchants, as well as foreign financial institutions that “customarily” hold client assets and hold such assets in segregated accounts. “Privately Offered Securities” are exempted
- (2) The adviser must provide certain notices and information to clients when accounts on their behalf are opened or information regarding the accounts is amended.
- (3) The adviser must have “a reasonable basis, after due inquiry,” to believe that the qualified custodian for each client sends an account statement to that client no less frequently than quarterly, which statement discloses holdings and transaction information for the client’s account(s). For limited partnerships, limited liability companies, or other pooled vehicles, this statement must be sent to each limited partner, member, or other beneficial holder.
- (4) The client funds and securities over which the adviser is deemed to have custody must be subject to “surprise audit” by an independent public accountant no less frequently than annually.

Compliance with conditions (2) and (3) are waived with respect to limited partnership, limited liability company, and other pooled investment vehicle clients that are subject to GAAP audit, provided audit results are sent to all limited partners, members, or other beneficial holders at least annually within 120 days of the client’s fiscal year, and the surprise audit requirement in (4) above is deemed satisfied with respect to such clients.

Although CIM is deemed to have custody of certain Client assets, all such Clients are audited no less frequently than annually, and the results of such audits are distributed to the Clients and investors therein no later than 120 days after the end of each Client’s fiscal year. CIM is therefore exempt from the notice and account statement delivery requirements of the Custody Rule and is deemed to be in compliance with the surprise audit requirement.

**Item 16: Investment Discretion**

CIM generally has discretionary authority to manage accounts on behalf of its Clients. This authority is limited by the investment objectives, practices and limitations, if any, set forth in each Client's Governing Documents. CIM maintains such discretionary authority pursuant to the investment management agreement between CIM and each Client, along with a power of attorney in CIM's favor, when necessary.

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

Client investments do not generally consist of voting securities. In the unlikely event voting securities are held in a Client's portfolio, any proxy solicitation received by CIM will be forwarded to the Client to vote.

**Item 18: Financial Information**

CIM is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Clients.

**Balance Sheet**

CIM does not require or solicit any prepayment of fees six months or more in advance and, therefore, is not required to provide a balance sheet for its most recent fiscal year.

**Contractual Commitments to our Clients**

CIM has no financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Clients.

**Bankruptcy Petitions**

CIM has never been the subject of a bankruptcy petition.