

Item 1 – Cover Page

FIRM BROCHURE

March 2019



Pender Capital Management, LLC

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This brochure provides information about the qualifications and business practices of Pender Capital Management, LLC ("PCM" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (310) 853-8001 or sal@pendercapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Pender Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment adviser" and description of PCM as "registered" does not imply a certain level of skill or training. You are encouraged to review this brochure and brochure supplements for information on the qualifications of our firm and its employees.

Item 2 – Material Changes

The most recent amendment to PCM's brochure was filed on November 15, 2018. This brochure, dated March 2019, has been updated to reflect the following material changes that have occurred since the prior filing:

- Updated regulatory assets under management.
- Throughout this brochure, we added references to two newly formed wholly owned REIT subsidiaries of the Fund, East Credit 1 REIT, LLC. and West Credit 1 REIT, LLC. These subsidiaries now originate and hold the commercial mortgage loans that were previously originated and held by the Fund.
- Inclusion of certain fees and expenses associated with the Fund.

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Item 4 – Advisory Business

Firm Description

Pender Capital Management, LLC is an independent investment advisory firm that acts as discretionary adviser for the real estate limited partnership, Pender Capital Asset Based Lending Fund I, LP (“the Fund”). PCM personnel also participate in the origination and servicing of commercial mortgage loans via two wholly owned subsidiaries of the Fund, East Credit 1 REIT, LLC. (the “East Coast REIT”) and West Credit 1 REIT, LLC. (the “West Coast REIT,” collectively together with the East Coast REIT, the “REITs”).

PCM was formed as a limited liability company in the state of Delaware in May of 2015. Its majority owner is Pender Capital Inc, which is wholly owned by Cory Johnson.

PCM is an experienced fund manager that includes a team of investment professionals with more than 50 years of combined industry experience. PCM is the manager of Pender Capital Asset Based Lending Fund I Management, LLC, which is the General Partner for the Fund and the operator of the REITs.

Types of Advisory Services We Offer

The Fund is an open-ended pooled investment vehicle regulated by the SEC and the California Department of Business Oversight. PCM specializes in managing a portfolio of real estate loans. The Fund is designed to provide investors with exposure to commercial real estate loans via its subsidiaries, East Coast REIT and West Coast REIT. PCM’s investment advice is limited to discretionary investment advisory services with respect to such types of investments. PCM and its affiliates seek to identify real estate transactions that cannot be completed by traditional financing sources. Loan to Value (“LTV”) is a primary consideration for qualifying loans. In addition, we target transactions with inherently strong borrower equity positions. PCM’s goal is to create a portfolio of loans, via its REIT affiliates that have attractive LTVs with borrowers who, based on their need for private financing, are willing to pay above market interest rates for such financing. Specific property locations will be targeted on a micro market level with particular focus on assessing market depth, lease rates, vacancy, absorption and job growth.

Tailoring of Advisory Services

PCM’s investment advice is tailored to the investment objectives, investment strategy and restrictions (if any) set forth in the Fund’s agreement of limited partnership and private placement memorandum (“Offering Documents”). The Fund has set forth the investment criteria in its limited partnership agreement, which describes the types of qualified loans in which the Fund may invest via its wholly owned REIT subsidiaries, LTV restrictions, investment restrictions, and the allocation of investment opportunities.

Wrap Fee Programs

We do not offer wrap fee programs.

Regulatory Assets Under Management

The investment strategy includes providing exposure to short term (12-month standard term), senior position (no junior or mezzanine position), commercial real estate backed bridge loans to borrowers with significant equity participation (60-65% LTV target) of income producing commercial real estate assets (no land development, or heavy construction loans) via direct investments made by the REITs.

The Fund, via its REIT subsidiaries, strategically targets \$500,000-\$10,000,000 loans across the United States.

As of December 31, 2018, PCM manages \$121,924,846 in discretionary regulatory assets under management.

Item 5 – Fees and Compensation

How We Are Compensated For our Services

The General Partner of the Fund is entitled to management fees as set forth in the Offering Documents.

In general, Investment Cash Flow from the loans held by the REITs will be passed up to the Fund, and thereafter ultimately distributed to the Partners, at such times and in such amount as determined by the General Partner as follows:

- (i) First, to all the Partners until they have achieved a hurdle equal to a 7% per annum return (calculated and paid monthly) on their Unreturned Capital, pro rata in proportion to their respective accrued and unpaid return (the 7% Hurdle).
- (ii) Thereafter, (A) 80% to the Partners, pro rata in proportion to their respective “Post Hurdle Sharing Percentage” (as defined below) and (B) 20% to the General Partner as compensation (the “GP Distribution Split”).

A management fee, which will accrue on the Unreturned Capital of the Partners at the rate of 1.5% per annum (except as may be lower for investments of \$5,000,000 or more), calculated based on Unreturned Capital at each month end, and paid monthly in arrears by the Fund to the General Partner. The undisbursed portion of Capital Contributions in the subscription account will not be counted in calculating the management fee.

A loan servicing fee (the “Loan Servicing Fee”) applies if the General Partner services the loans in-house. The Loan Servicing Fee will accrue on the aggregate outstanding principal amount of all loans in the portfolio of the REITS at the rate of 0.25% per annum, calculated based on the aggregate principal amount outstanding at each month end, and paid monthly in arrears by the Fund to the General Partner.

The General Partner is entitled to all underwriting fees for loans in the portfolios of the REITs, and receives 50% of Net Origination Fees earned by the REITS, calculated as a percentage of the principal amount loaned, with the remaining 50% being for the account of the Fund.

If a REIT is forced to take control of collateral, normal and customary property management fees (“Property Management Fees”) will apply for property management services provided by the General Partner or its affiliates with respect to any real property that comes into the REIT’s control.

Any markups on loan costs and expenses incurred by the General Partner and then charged to borrowers and third parties will be paid to the General Partner.

How Clients are Billed

PCM does not deduct fees from investors in the Fund.

Other Fees and Expenses

The Fund will also bear some of its own operating expenses as more fully described in its Confidential

Private Placement Memorandum. These expenses include, but are strictly limited to, the following: (a) the costs and expenses of evaluating, originating, servicing, managing and disposing of its investments (whether or not consummated); (b) legal, accounting, consulting and other fees or compensation of service providers to, or co-venturers of the Fund (including costs and fees of third party loan servicers, if any); (c) interest and other fees and expenses on indebtedness incurred by the Partnership; (d) insurance premiums; (e) printing, advertising, travel, filing and similar fees and expenses; (f) foreclosure, litigation and indemnification expenses; and (g) costs of organizing, forming and qualifying any REIT Subsidiaries (as defined below)

Termination and Refund

Terminations and Refunds are only provided by the Fund itself.

Commissionable Securities Sales

We do not sell securities for a commission.

Item 6 – Performance-Based Fees and Side-By-Side Management

PCM does not receive performance-based fees as such term is typically defined. However, PCM does receive a portion of the carry over a hurdle rate for the investments in the REITs which has a similar effect for investors. PCM does not currently have any Side-By-Side Management agreements.

Item 7 – Types of Clients

PCM provides discretionary investment advisory service to the General Partner of the pooled investment vehicle operating as a limited partnership exempt from registration as an investment company pursuant to Section 3(c)(5) of the Investment Company Act. The Fund's investors are accredited investors, qualified clients, and/or qualified purchasers.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

The information below is intended to provide a high-level summary of the investment strategies and risks of loss of the Fund. It is both superseded and supplemented by information in the Confidential Private Placement Memorandum for the Fund. Investors should review the Confidential Private Placement Memorandum in its entirety prior to investing.

We use the following methods of analysis in formulating our investment strategy:

- LTV (as defined in the Fund's Offering Documents) is the primary consideration for qualifying loans originated and held by the REITS and PCM generally will target transactions for the REITS with inherently strong borrower equity positions. The goal is to create a portfolio of loans at attractive LTVs with borrowers who, based on their need for private financing, are willing to pay above market interest rates for such financing, and will generate a competitive preferred return to investors. In addition, the REITs will hold the senior secured position on all properties funded.
- In our selection of investments for the Fund and its REIT subsidiaries, we consider investments nation-wide. Regardless of the market of each potential investment, we and/or our affiliates complete an initial due diligence investigation of each property prior to the Fund's funding of a potential loan. During the underwriting process, our analysts typically conduct a site inspection

and investigate market conditions, title, environmental concerns, zoning, borrower credit, and most importantly, property value. We use a variety of economic models to analyze the safety and quality of the Fund's portfolio.

Risk of Loss

An investor's decision to invest in the Fund entails risk. All investments have risk of loss, including loss of your investment. There are no guarantees that any past success of the Fund will result in positive investor investment returns in the future. Private investment partnerships have their own set of risks, including but not limited to; lack of liquidity and diversification, strategy risk and conflicts of interest related to affiliated party transactions as set forth below. Moreover, no investor (Limited Partner) may sell, transfer, assign, convey, pledge, mortgage, encumber, hypothecate or otherwise dispose of all or any part of its partnership interest (Interest) without the General Partner's consent. There is no public market for Interests in the Fund.

A more complete discussion of the risks associated with an investment in the Fund is set forth in the Fund's private placement memorandum ("PPM"), and investors are encouraged to carefully review the PPM prior to making an investment decision.

Description of Material, Significant or Unusual Risks

Investments related to real property and REITs carry specific risks, including but not limited to:

- foreclosure risk and local rules and regulations affecting the ability to foreclose on properties;
- vacancy rates and general financial condition of buyers and sellers;
- condemnation, environmental contamination and eminent domain;
- federal, state and local regulations and/or ordinances affecting the purchase, sale or management of properties;
- litigation and insurance risk; and
- geographic market concentrations, general credit risk and other risks.

The Fund's investments and those of its REIT subsidiaries are speculative, and profitability depends on the ability of our borrowers to repay their loans. The ability of a borrower to repay may be affected by local, regional, and national real estate market and economic conditions beyond control of the Fund.

Each type of property on which we underwrite loans has its own specific set of risks, including:

- general economic conditions;
- business conditions;
- local market competition and conditions;
- cybersecurity incidents and technology failure can also cause catastrophic loss for any investment manager; and
- competition amongst loan originators can vary from market to market, and the Fund's returns can be affected by heavy competition in the loan origination space.

Rising or falling interest rates may increase the risk associated with PCM's investment strategy, including but not limited to: increased competition; the ability of PCM and its affiliates to close loans at targeted interest rates; and a borrower's ability to refinance an existing loan and lower investment returns due to the inability to close loans at higher interest rates.

It would not be appropriate for an investor to invest a substantial portion of its wealth in any single investment or fund. An investment in the Fund should be part of a comprehensive investment portfolio strategy, which includes a broad diversification of investments. Our Fund lacks broad diversification since we invest in a specific type of investment, real estate asset backed loans.

For a more detailed discussion on the Fund's respective investment strategy and risk, we strongly encourage investors to review the Fund's Confidential Private Placement Memorandum.

Item 9 - Disciplinary Information

PCM is required to disclose the facts of any legal or disciplinary events that are material to the client's evaluation of its advisory business or the integrity of management. PCM has no disclosure items for its advisory business nor for the integrity of management and administrative associates.

Item 10 – Other Financial Industry Activities and Affiliations

No management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker dealer, nor do we have any management persons registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated trading advisor.

However, one of our employees is registered as an Investment Adviser Representative in one state in order to facilitate his activities in that state and the Fund maintains a California Commercial Finance Lenders License in order to facilitate the process of originating commercial mortgage loans via the REITs. Cory Johnson also continues to maintain an active Real Estate Brokerage License.

Conflicts of Interest arising out of other activities of Management

Each member of Management will devote such time as they deem necessary and appropriate to the business and affairs of the Fund, but members of Management, directly and through affiliates, may be and are involved in other entities whose investment activities may overlap with those of the Fund.

Item 11 – Code of Ethics

All members of the Firm adhere to our Code of Ethics, including the Managing Directors and all other professionals of PCM.

The purpose of our Code of Ethics is to promote honest, ethical conduct and compliance with the law, particularly as it relates to the maintenance of the Firm's financial books and records and the preparation of its financial statements. As finance professionals, all members of the Firm are expected to:

- engage in and promote ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and to disclose to Senior Management, any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- carry out their responsibilities honestly, in good faith, and with integrity, due care and diligence, exercising at all times their best independent judgment;
- assist in the production of full, fair, accurate, timely and understandable disclosure in reports and documents that the Firm and its subsidiaries file with, or submit to, the SEC and other regulators

- and in other public communications made by the Firm;
- comply with applicable laws, rules, and regulations of federal, state and local governments, and other appropriate regulatory agencies;
- promptly report (anonymously, if they wish to do so) to Senior Management any violation of this Code of Ethics or any other matters that would compromise the integrity of the Firm's financial statements; and
- never to take, directly or indirectly, any action to coerce, manipulate, mislead, or fraudulently influence the Firm's independent auditors in the performance of their audit or review of the Firm's financial statements.

An investment adviser is considered a fiduciary and our Firm has a fiduciary duty to all of our clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times.

Neither our Firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our Firm or a related person has a material financial interest. Related persons of our Firm may buy or sell securities and other investments that are also owned by our clients.

Fees payable to the General Partner and its affiliates may affect the investment decisions made by the General Partner.

The General Partner, directly or through its affiliates, is entitled to certain fees that are not available to the Limited Partners (e.g., the Management Fee, the Loan Servicing Fee, the General Partner's 50% share of Net Origination Fees and underwriting fees charged to the borrowers). Such fees are not tied to the Fund's interest income, but are instead based, in the case of Origination, loan servicing, and other fees, on the amount of principal on borrower's loans. There may be an incentive for the General Partner to enter into certain loan transactions that are either riskier or have lower returns, to generate fee income for the General Partner.

The 7% Hurdle and GP Distribution Split may affect the investment decisions the General Partner makes on behalf of the Fund.

The GP Distribution Split, which entitles the General Partner to receive 20% of the distribution made from the Fund's investment activity, after allocation up to the 7% Hurdle, is intended to incentivize the General partner to seek investments that would generate high returns for the Fund. However, the General Partner might seek these higher returns even if the loans would be disproportionately riskier than loans with lower returns.

Conflicts may arise due to co-investment

The Fund may co-invest in one or more loans with the General Partner, certain Limited Partners, and/or their respective affiliates, and with strategic investors, lenders and/or third parties through joint ventures or other entities. Although the Fund will initially retain control rights in every transaction, in certain cases, the co-investing party may have different interest or superior rights to those of the Fund.

Conflicts may arise as a result of purchases of loans by the General Partner

The General Partner will have the right, through itself or through affiliates, to purchase non-performing loans from the Fund and or the REITS to remove them from the books of the Fund. In the event of any such purchase, a conflict of interest will arise, in that the General Partner will be selling the Fund's asset on the one hand and purchasing the same asset for the General Partner's own account on the other hand.

While the General Partner will only purchase non-performing loans, there is a risk to the Fund that the loan and/or the collateral will end up more valuable than when purchased by the General Partner. Additional information is provided in the Offering Documents.

Conflicts may arise out of withdrawals by Partners

No reserves will be set aside for withdrawals, and the General Partner is not required to liquidate any asset to pay for withdrawals. If there are insufficient Principal Repayments, the General Partner may be unable to fund the withdrawal of other Partners.

Other conflicts of interest may exist. Please review the conflicts of interest section of the Fund's Offering Documents for more information and discussion regarding how PCM mitigates such risks.

In order to minimize these potential conflicts of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

Item 12 – Brokerage Practices

PCM and the General Partner specialize in managing portfolios of real estate loans, and the Fund is designed and formed to provide investors with a real estate lending investment vehicle. PCM's investment advice is limited to advising on such types of investments. As such, PCM does not have traditional brokerage relationships with broker/dealers who execute trades of publicly available securities.

Soft Dollar Benefits

PCM does not receive any Soft Dollar Benefits of any type.

Brokerage for Client Referrals

PCM does not recommend any broker/dealer, and therefore does not receive any client referrals from a broker/dealer or third party.

Directed Brokerage

PCM does not recommend, request or require that a client direct or execute transactions through a specific broker/dealer.

Item 13 – Review of Accounts

PCM currently acts as the Fund's investment adviser. PCM and the General Partner continuously monitor all investments for adherence to the investment objectives, policies, and restrictions of the Fund. In addition, each Limited Partner receives a copy of the audited financial statement report prepared by an independent auditor.

PCM has relationships with qualified custodians to hold custody of our investors' interests in the Fund. Such custodians may charge a custodial fee for this service and are required to send periodic statements to each client with a custodial agreement.

The Chief Compliance Officer reviews all investments on an ongoing basis for regulatory compliance and documentation purposes.

Item 14 – Client Referrals and Other Compensation

PCM does not accept client referrals for which compensation is paid. Registered Investment Adviser (“RIA”) Specialists are compensated by PCM for the introduction of prospective investors. All RIA Specialists are compensated in accordance with SEC guidelines. RIA Specialists, by agreement, are not authorized to solicit or offer any security for sale, including interests in the Fund, to prospective investors, and agree that such an offer or sale can only take place through PCM’s provision of offering documents and brochure to such prospective investors.

Item 15 – Custody

PCM is deemed to have custody of client fund assets and securities. The Fund has engaged an independent CPA firm to audit the Fund and complete audited financial statements within 120 days of the fiscal year-end. Copies of the audited financial statement report are sent to each investor. Clients are encouraged to raise any questions with us about the custody and security of their assets.

PCM’s limited partnership interests are privately offered securities. The Fund holds and invests in only privately offered securities. As such, PCM is not required to hold limited partnership interests or securities with a qualified custodian or generate an internal control report.

PCM has relationships with qualified custodians such to hold custody of investors’ interest in the Fund and the REITs. Such custodians may charge a custodian fee for this service and are required to send periodic statements to each client with a custodial agreement. Not all Fund investors hold their interests at a custodian.

The SEC issued a no-action letter with respect to Rule 206(4)-2 under the Investment Advisers Act of 1940. The letter provided guidance on the Custody Rule and clarified that an adviser who has the authority to disburse client funds to a third-party under a standing letter of instruction is deemed to have custody. As a result, our Firm has adopted the following safeguards in conjunction with our custodians:

- the client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed;
- the client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time;
- the client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization and provides a transfer of funds notice to the client promptly after each transfer;
- the client has the ability to terminate or change the instruction to the client’s qualified custodian;
- the investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction;

- the investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser; and
- the client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16 – Investment Discretion

PCM has discretionary authority to trade securities held by the Fund through its affiliated General Partner.

Item 17 – Voting Client Securities

PCM does not vote client securities, because the securities in which the Fund invests are privately held debt securities.

Item 18 – Financial Information

We are not required to provide financial information in this brochure because:

- we do not require the prepayment of more than \$1,200 in fees and six or more months in advance;
- although we do have discretionary custody of client funds, there are no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to our clients; and
- we have never been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisors

PCM is not registered with one or more state securities authorities.