

FORM ADV PART 2A: FIRM BROCHURE

ITEM 1. COVER PAGE



Cove Property Group LLC

501 Madison Avenue, 5th Floor
New York, NY 10022

March 20, 2019

Important Disclosure:

This brochure provides information about the qualifications and business practices of Cove Property Group LLC (“Cove” or the “Firm”) and its affiliates. If you have any questions about the contents of this brochure, please contact us at (212) 935-4912. Cove is registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser does not imply that Cove or its employees possess a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Cove also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

The last update of this Brochure was filed by Cove with the SEC on March 8, 2018. There have been no material changes since the last update.

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ITEM 4. ADVISORY BUSINESS

A. General Description of Advisory Firm

Cove is a limited liability company incorporated under the laws of Delaware. The Firm was formed in October 2015. Cove is an investment adviser with a principal place of business in New York, New York. The Firm's principal owners are Kevin Hoo, Amit Patel, and Thomas Farrell.

B. Description of Advisory Services

Cove provides non-discretionary investment advisory services to pooled investment vehicle and joint-venture clients (collectively referred herein as the "Clients" and individually as a "Client") seeking to invest in institutional quality commercial real estate assets. Cove's affiliates typically serve as general partners or managing members to pooled investment vehicle and/or joint-venture Clients, but are under common control and operate as a single investment advisory business. Cove provides advice to its Clients and not necessarily to individual investors. To date, the investments have been located in New York City, however, opportunities may be considered in other domestic and global cities in the future. The Firm's current strategy is executed on a deal-by-deal basis rather than through a discretionary fund. Cove targets investment opportunities along the entire risk continuum, from opportunistic to core type transactions. The Firm focuses on investment, development and redevelopment asset management, as well as ground-up development, of its key asset types including commercial office, retail, residential and industrial properties.

C. Tailored Advisory Services

Generally, the Firm's investment advisory services are tailored to the specific pooled investment vehicle clients, which typically include sourcing, evaluating, negotiating, overseeing, development, managing, monitoring, and disposing of commercial real estate investments. Such advisory services are subject to the terms of advisory services as set forth in each of the governing documents. Investors should consider whether the investment objectives will be in line with their individual objectives and risk tolerance prior to investment.

D. Wrap Fee Programs

Cove does not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2018, Cove managed approximately \$887 million in assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

A. Fees

Cove typically charges a fee to each Client that is based on a percentage of net assets under management (the “Management Fee”). Management Fees are accrued at a negotiated rate and are payable at a negotiated frequency, typically in arrears, as outlined in the governing documents.

Cove may, in its sole and absolute discretion, elect to reduce, waive or calculate differently the Management Fee with respect to any Client or investor.

The Firm also receives a performance-based (the “Performance-Based Fee”) fee as discussed further in Item 6.

Additionally, depending on the terms of a particular transaction, Cove or its affiliates may also charge an acquisition fee upon closing of the deal (the “Acquisition Fee”), a financing fee for obtaining financing (the “Financing Fee”), a leasing fee for successfully leasing the property (the “Leasing Fee”), and/or a development fee for managing the redevelopment of an existing asset or development of ground up construction (the “Development Fee”), as outlined in the governing documents.

B. Charging Fees

Depending on the Client, the Firm may either deduct fees from Clients’ assets or separately bill Clients for fees incurred.

C. Other Fees and Expenses

In addition, each Client will bear additional expenses, including but not limited to: investment expenses (e.g., expenses that, in the Firm’s discretion, are related to the investment of assets, whether or not such investments are consummated, such as custodial fees, bank service fees and interest expenses); research costs; loan origination costs; property management and leasing costs; repairs and maintenance; investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of the applicable Clients’ investments) incurred by the Firm; professional fees (including expenses of consultants, investment bankers, lenders, attorneys, accountants and other experts) relating to investments; administrative expenses (including fees and expenses of an administrator); legal expenses; external accounting and valuation expenses (including the cost of accounting software packages); audit and tax preparation expenses; directors fees; costs of preparing, printing and mailing reports, offering materials and notices; and extraordinary expenses (including litigation and indemnification expenses, if any).

Further, one or more affiliates of the Firm may provide services pertaining to the management and/or development of a portfolio asset and be entitled to compensation from the Firm’s Clients. These fees are separate from and in addition to the Management Fee and Performance-Based Fee, as described above.

Please refer to the relevant governing documents for a complete understanding of fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the governing documents.

D. Timing of Fee Payments

As described above, fees are generally paid at a negotiated rate at a negotiated frequency, typically in arrears, as set forth in the governing documents.

E. Payments to Supervised Persons

Neither Cove nor any of its supervised persons accept compensation for the sale of securities or other investment products.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Cove generally provides advisory services to Clients for a Performance-Based Fee. The governing documents of each Client provide for the Performance-Based Fee and description how distributions will be made to investors and how the performance fee will be distributed to Cove or affiliates. The aggregate amount of such Performance-Based Fee is allocable from the net capital appreciation of the portfolio investment. Any Performance-Based Fee reduces such Client's net asset value.

Any performance fees charged by Cove comply with the requirements of Section 205 of the Advisers Act and all applicable rules thereunder. The fact that the Performance-Based Fee is payable only out of increases in net profits may create an incentive for the Firm to select investments which are riskier or more speculative than would be the case in the absence of such fees. This risk is mitigated because Client strategies do not overlap and management performance incentives are clearly disclosed in the governing documents.

ITEM 7. TYPES OF CLIENTS

As further described in Item 4 of this brochure, Cove provides non-discretionary investment advisory services regarding commercial real estate related assets to high net-worth individuals, institutional investors and family offices.

The Firm does not impose minimum investment requirements. However, investors are required to meet specified investor eligibility requirements, which vary by Client but are described in the governing documents.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this brochure of specific services that Cove offers should not be understood to limit in any way Cove's activities. Cove may offer any service, engage in any activity and make any advisory decision, including any not described in this brochure, that Cove considers appropriate or necessary in the fulfillment of its fiduciary obligation or that it believes is in the best interests of its Clients. The investment strategies pursued by each Client are speculative and entails substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved. This brochure does not contain a complete set of risk parameters; please refer to the offering memoranda for a comprehensive list.

The Firm's objective is to invest, deal-by-deal, in a diversified portfolio of institutional grade, commercial real estate assets delivering returns that range from core to opportunistic levels. Cove will initially target mid-size transactions (generally between \$250,000,000 and \$500,000,000) and will combine suitable capital partners depending on the risk profile of each opportunity.

As one part of its investment strategy, Cove will seek to reposition older, under-capitalized assets and transform them into Class A properties.

Cove seeks to match the right capital source with each particular opportunity, allowing investors to either buy, reposition or sell over a typical private equity 5-7-year life cycle or buy and hold over a longer 10+ year horizon.

B. Types of Risks

Listed below are some of the risks that are associated with a Client investment. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Clients' investment strategies. For a complete explanation of each Client's relevant investment strategies and their associated risks, investors should review the relevant offering memoranda or investment management agreement, which may contain additional explanations of strategies, risks and other related details not discussed below.

General Risks of Real Estate. All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. No assurances can be given that the fair market value of any real estate investments held by a Client will not decrease in the future or that a Client will recognize full value for any investment that a Client is required to sell for liquidity reasons. In addition, the ability of a Client to realize anticipated rental and interest income on its equity and debt investments will depend, among other things, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. Additionally, a Client may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by a Client will reduce the cash available for distribution and may require a Client to fund deficits resulting from the operations of a property. These factors and any others that would impede a Client's ability to respond to adverse changes in the performance of its assets could significantly affect the Client's financial condition and operating results.

Risks of Potential Leveraging. The Clients expect to use leverage to increase the potential value of the assets to be acquired. While the use of leverage may enhance returns to the Clients and increase the number

of investments the Clients can make, it will also substantially increase the risk of loss to a Client. In the case that investments utilize leverage, the third-party lender would be entitled to cash flow generated by such investment prior to a Client receiving a return. If the Client defaults on secured indebtedness, the lender may foreclose and the Client could lose its entire investment securing such loan. In addition, recourse debt, which each Client reserves the right to obtain, may subject other assets of a Client and the investors' investments to risk of loss. To the extent financing is not available on terms considered favorable by the Clients, the number and size of investments that each Client will be able to make will be limited. In addition, even if the Clients are able to arrange for an acquisition line of credit, there can be no assurance that longer term financing will be available with respect to any particular investment.

Illiquidity. It is unlikely that there will be a public market for much, if any, of the Clients' investments. The Clients generally will not be able to sell their investments held in the form of securities publicly unless their sale is registered under applicable federal and state securities laws, or unless an exemption from such registration requirements is available. In some cases, the Clients may be prohibited by contract from selling investments for a period of time. In addition, the types of investments held by the Clients may be such that they require a substantial length of time to liquidate. Accordingly, each Client's ability to respond to changes in economic and other conditions may be relatively limited. In particular, no assurances can be given that all Clients investments will be able to be liquidated prior to the scheduled expiration of the term of the Clients. No assurances can be given that the fair market value of any of the Clients' assets will not decrease in the future.

Risks Associated with Commercial Mortgage Loans. The Clients may invest in commercial mortgage loans. The value of each Client's commercial mortgage loans will be influenced by the historical rate of delinquencies, defaults experienced on the commercial mortgage loans and by the severity of loss incurred as a result of such defaults. The factors affecting delinquencies, defaults and loss severity include (i) industry sector and economic and real estate market conditions (e.g. multi-family, retail, office, etc.), (ii) the terms and structure of the mortgage loans, and (iii) any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan. Commercial loans generally expose a lender to a greater risk of loss through delinquency and foreclosure since the ability of the borrower to repay a loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property, rather than upon the existence of independent income or assets of the borrower. Most commercial mortgage loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees. Commercial mortgage loans generally do not fully amortize, which can necessitate a sale of the property or refinancing of the remaining debt amount at or prior to maturity of the mortgage loan. Accordingly, investors in commercial mortgage loans bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligations. Exercise of foreclosure and other remedies may involve lengthy delays and additional legal and other related expenses on top of potentially declining property values. In certain circumstances, the Clients could become liable upon taking title to an asset for environmental or structural damage existing at the property.

Risks Associated with Mezzanine Loans. The Clients may make or invest in mezzanine loans. Mezzanine loans typically are unsecured and subordinate to other debt obligations of the borrower, and therefore have more risk of loss than senior debt. Mezzanine loans may increase a Client's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy and deterioration in the condition of the borrower or other obligor on the mezzanine loan or the real estate industry as a whole. In the event that any borrower or other obligor on a mezzanine loan is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of a Client's investment in such mezzanine loan could be significantly reduced or even eliminated. In addition, changes in the interest rates may adversely affect the value of a mezzanine loan. Longer term debt obligations are usually more sensitive to interest rate changes.

Development or Redevelopment Risks. Some assets acquired by the Clients may require development or redevelopment in order to meet the Clients' investment strategy. Development and redevelopment activities are subject to risks, including, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, public and private opposition to projects, unexpected increases in cost, delays in the completion of construction and the possibility that construction or permanent financing may not be available on favorable terms. In addition, development or redevelopment activities may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the inability of contractors to perform their obligations, defects in plans and specifications or other factors. Any delay in completing the development or redevelopment of an asset may result in increased interest and costs and the potential loss of previously identified purchasers or tenants. If any of these risks should occur they could result in substantial unanticipated delays or expense and, under certain circumstances, could prevent completion of a development or redevelopment opportunity once undertaken, any of which could have a material adverse effect on the Clients and on the amount of funds available for distribution by the Clients.

C. Risks in Recommending a Particular Type of Security

See above risks for notable risks involved in investing in commercial real estate. For a complete list, Clients and investors should review to the respective governing documents.

ITEM 9. DISCIPLINARY INFORMATION

Neither Cove nor any of its management persons have been involved in any legal or disciplinary events that are material to a Client, investor, prospective Client or prospective investor's evaluation of the Firm's advisory business or the integrity of its management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

Neither Cove nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. CFTC Registration Status

Neither Cove nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Industry Relationships Material to Advisory Business

Neither Cove nor any of its management persons have any relationship or arrangement that is material to its advisory business with the types of entities described in this section.

Effective January 1, 2019, Cove principals bought out Blue Sky Alternative Investments LLC (“Blue Sky”) ownership interest in Cove. However, Blue Sky maintains a passive equity stake in Cove affiliated general partners and is eligible to receive a percentage of performance fee (if earned) for future investments. Cove shares an office space with Blue Sky, and their affiliates engage in a broad spectrum of activities, including investment related, sponsoring and managing investment funds, and asset management unrelated to Cove. This affiliation could create a conflict of interest. However, Cove has policies and procedures, including the Code of Ethics referenced below, that address steps to mitigate potential conflicts.

As previously disclosed, Cove is affiliated with general partners to each pooled investment vehicle Client. The general partners, together with Cove, operate as a single advisory business and serve as managers or general partners to pooled investment vehicle Clients and share common owners, officers, partners, employees, and supervised persons.

Cove Development Services LLC is an affiliated development company that is retained by Clients to, among other things, coordinate and oversee pre-development and development activities of properties owned by Clients. As disclosed above, Cove Development Services, LLC receives a development management fee for such services. Cove recognizes that there is a conflict of interest exist when using an affiliated service provider. In order to mitigate the conflict, the governing documents and service agreements dictate that the terms of any engagement with an affiliate to investors.

D. Materials Conflicts of Interest Relating to Other Advisers

Cove will not recommend or select other investment advisers in exchange for direct or indirect compensation from those advisers that creates a material conflict of interest.

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

A. Code of Ethics

The Firm has adopted a Code of Ethics (the “Code”) to comply with Rule 204A-1 under the Advisers Act which sets forth standards of business and personal conduct for all Cove employees. The Code is predicated on the basic idea that employees of Cove will adhere to certain ethical and fiduciary standards and will conduct their affairs in accordance with the principles of professionalism, integrity, honesty and trust.

The Code establishes policies and procedures that are reasonably designed to: (i) prevent fraud and improper personal trading; (ii) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof; and (iii) provide a means to resolve such conflicts. Investors and prospective investors may request a copy of the Code by contacting Cove at the address or telephone number listed on the first page of this brochure.

B. Securities in which the Firm or Related Persons have Financial Interest

Cove may advise on investments in which it and/or its affiliates directly or indirectly have or will have financial interest. All transactions made by employees are closely monitored on an ongoing basis by the Chief Compliance Officer or his designee to ensure pre-clearance has been sought and obtained when required, and to ensure the personal trading patterns of employees fall within the guidelines set forth in the Code.

Personal trading transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a Client. The Firm has adopted policies and procedures designed to detect and prevent such conflicts of interest and, when they do arise, to ensure that it effects transactions for Clients in a manner that is consistent with its fiduciary duty to its Clients and in accordance with applicable law.

C. Securities in which the Firm or Related Persons Recommend to the Clients

The Firm, its principals, employees and affiliates may make investments for their own accounts. It is possible that principals, officers or employees of the Firm may make investments that the Firm has recommended to Clients and may engage in transactions for their own accounts in a manner that is inconsistent with the Firm’s recommendations to a Client. The Firm addresses this conflict by implementing those policies and procedures described above.

ITEM 12. BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Cove does not make regular use of broker-dealers for the purposes of purchasing or selling securities on behalf of its Clients, as the securities that the Firm typically purchases or sells on behalf of its Clients are acquired and/or disposed of in privately negotiated purchases and sale transactions.

1. Research and Other Soft Dollar Benefits

Cove does not engage in soft dollar arrangements with broker-dealers.

2. Brokerage for Client Referrals

The Firm does not consider the prospect of receiving, or the receipt of, client referrals when selecting or recommending broker-dealers for client securities transactions.

3. Directed Brokerage

Cove does not engage in directed brokerage at this time.

B. Aggregated or “Bunched” Orders

The Firm does not aggregate the purchase or sale of securities for client accounts.

ITEM 13. REVIEW OF ACCOUNTS

A. Review of Investment Portfolios

Each investment portfolio is actively monitored and reviewed by Cove's investment professionals.

B. Factors that May Trigger a Review of Investment Portfolios

A review of an investment portfolio, other than described above, may also be triggered by material changes in key variables, such as changes in market conditions, changes in investment objectives or policies or changes in capital inflows/outflows, among other things.

C. Content and Frequency of Reports

Audited financial statements are provided to investors within 120 days of the end of the fiscal year end. Capital statements, including detailed financials and budgets, and other reporting are provided to investors as agreed to in the governing documents. Reporting is typically provided on a quarterly basis.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefit for Providing Services to Non-Clients

The Firm does not receive an economic benefit from non-Clients for providing investment advice or other advisory services to the Clients.

B. Compensation to Non-Supervised Persons for Client Referrals

Neither Cove nor any related person directly or indirectly compensate any person who is not a supervised person for Client referrals.

ITEM 15. CUSTODY

Cove's investments are physical assets in the form of commercial real estate. The ownership of such assets is typically perfected through legal documents filed with government agencies of relevant jurisdictions where the properties are located. Such legal documents are not required to be held by a qualified custodian. Cove is deemed to have custody of cash and securities, both of which are held by an independent, qualified custodian.

In accordance with the Custody Rule, Cove is responsible for ensuring that the Clients' cash and securities are held only with a qualified custodian. The Firm is responsible for arranging for annual independent audits of its Clients' assets by a PCAOB registered accounting firm and for obtaining audited financial statements prepared in accordance with GAAP. Cove arranges for the delivery of such audited financial statements to investors within 120 days of the Firm's fiscal year end. Cove also arranges for the delivery of account statements to investors on at least a quarterly basis.

ITEM 16. INVESTMENT DISCRETION

Cove does not have discretionary authority to manage assets and securities on behalf of its Clients. Clients have the ultimate authority to determine the investments made on their behalf.

ITEM 17. VOTING CLIENT SECURITIES

To the extent clients hold any voting securities, Cove would vote or recommend to its client to vote such interests in the best economic interests of the client beneficially owning the voteable securities. However, Cove generally does not accept the authority to vote its Clients' securities (i.e., proxies) on their behalf.

Clients may obtain a copy of the Firm's Proxy Voting Policy by contacting the Chief Compliance Officer at the telephone number on the cover of this brochure.

ITEM 18. FINANCIAL INFORMATION

- A. Cove does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore has not included a balance sheet.
- B. Cove does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the Clients.
- C. Cove has never been the subject of a bankruptcy petition.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This Item is not applicable to Cove.