



Part 2A of Form ADV: Firm Brochure

Prima Capital Advisors LLC

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This brochure provides information about the qualifications and business practices of Prima Capital Advisors LLC ("Prima"). If you have any questions about the contents of this brochure, please contact us by telephone at (914) 725-9380. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Prima is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using our name or CRD number, which is 124719. Prima is an investment advisor registered with the United States Securities and Exchange Commission. SEC registration does not imply a certain level of skill or training.

Material Changes

There have been no material changes to Prima's advisory business, fees and compensation, disciplinary information, or other practices, since the March 30, 2017, brochure, with two exceptions. First, Prima now provides non-discretionary advice for a portion of one client's assets, whereas in the past Prima had discretion over the investment decisions for all assets under management. Second, one of Prima's two private funds, Prima Core Debt Fund I, LLC, ceased its operations in 2018, leaving Prima with a single private fund, Prima Mortgage Investment Trust, LLC (which has a master/feeder fund relationship PMIT Master Fund, LLC).

This brochure includes enhanced disclosure on fees, risks, brokerage practices, and custody.

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Advisory Business

Prima was formed as an independent investment advisor in 2002 and has been registered with the SEC since that year. The principal owners of Prima are Gregory A. White, Whitefam LLC (a family corporation owned by members of the White family), and Trident Prima, Inc., which is primarily owned, directly and indirectly, by Stone Point Capital LLC and certain of its officers and directors.

Prima advises institutional clients on real estate debt investments. Specifically, Prima provides investment advice on commercial and multi-family mortgages and loans, commercial mortgage backed securities ("CMBS"), and bonds/preferred shares issued by real estate investment trusts ("REITs"). Pending reinvestment or distribution of clients' funds, Prima may invest client funds in short-term securities (including U.S. government securities, money market mutual funds, and bank CDs).

Prima's clients, which include separately managed accounts and private funds, enter into investment management agreements with Prima that include guidelines as to the types and characteristics of real estate debt investments that they wish to purchase and hold. The investment guidelines of Prima's private fund, Prima Mortgage Investment Trust, LLC ("PMIT"), are set forth in private placement memoranda provided to potential investors and are part of PMIT's governing documents. Prima also advises some securitization trusts that hold real estate debt investments.

As of December 31, 2017, Prima managed approximately \$4 billion of clients' assets on a discretionary basis and \$100 million on a non-discretionary basis.

Fees and Compensation

Prima charges clients a management fee, which is based on the amount of clients' assets under management ("AUM"). Management fees generally range from .10% to .50% of AUM on an annual basis, as negotiated with clients. To the extent clients' funds are invested in cash, Prima may charge a lower fee for the cash portion of their assets, as negotiated with clients. (Cash investments can also incur a separate fee from custodians.) Management fees are paid in arrears, on either a quarterly or a monthly basis, as negotiated with a client. Clients can choose to pay the management fee directly to Prima or have it deducted directly from their account.

In addition to paying management fees to Prima, clients also pay administrative fees to firms that are not related to Prima for providing agreed-upon services. Such administrative fees pay for, among other things, custodial, audit, banking, and legal services. With respect to certain investments, the expense for due diligence conducted on real estate by third parties, such as engineering and environmental assessment firms, is paid by clients. Clients also pay relevant taxes and fees and commissions related to transactions executed by non-

related broker-dealers. As explained in the section below on Brokerage Practices, Prima selects broker-dealers on the basis of best execution.

From time to time, Prima advises certain clients, on a non-discretionary basis, about potential investments that are outside the scope of their investment management agreement and are not subject to management fees. In this circumstance, Prima charges a fee for due diligence performed on the potential investment. One client invests only in loans that are not securities and pays Prima only a financing fee.

Performance-Based Fees

From time to time, Prima advises clients with respect to securitizing certain of their investments, in a securitization that is underwritten by a non-related registered broker-dealer. In such cases, clients are charged a performance-based fee, which depends on achieving benchmarks agreed upon with clients in connection with assets to be sold as part of the securitization.

Types of Clients

Prima provides investment advisory services to public pension systems, insurance companies, a sovereign wealth fund and other institutional clients. In addition, Prima advises a small number of privately offered pooled investment vehicles, including PMIT, as well as some “securitization trusts,” which issue securities backed by various types of real estate debt investments.

Methods of Analysis, Investment Strategies and Risk of Loss

Prima uses a fundamental approach to evaluate potential investments, looking at the financial condition and ownership and other characteristics of specific real property that is seeking financing, as well as the overall economy and industry conditions. As part of this fundamental approach, Prima reviews items such as rent rolls, appraisals, leases, expert reports and market studies that bear on credit risk, as well as information provided by rating agencies, where relevant. While such information provided by third parties purports to be accurate and unbiased, it may be unreliable and potentially compromise our analysis. Investing in securities and loans involves risk of loss that clients should be prepared to bear. In addition, fundamental analysis does not attempt to anticipate market movements, which can also affect the price of a loan or security. Clients should understand that market movements could result in an investment loss.

Prima typically originates or buys loans or securities for clients with the intent to hold them in the client's account for a year or longer. We employ this strategy when we believe the investment is fairly valued or undervalued, and/or we want exposure to a particular asset class over time. A risk in a long-term purchase strategy is that it may not take advantage of short-term gains that could be profitable to a client. Moreover, a loan or security could decline in value while it is being held long-term. Occasionally, Prima buys

securities for clients with the idea of selling them within a relatively short time (typically a year or less).

Investing in real estate debt poses numerous risks, which are explained below:

Risks Arising from Real Estate Collateralizing Loans. Client investments are subject to risks associated with the real estate industry in general. These risks include, among others: (i) possible declines in the value of real estate; (ii) risks related to general and local economic conditions; (iii) possible lack of availability of mortgage funds; (iv) overbuilding; (v) extended vacancies of properties; (vi) increases in competition, property taxes and operating expenses; (vii) changes in zoning laws; (viii) costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; (ix) casualty or condemnation losses; (x) inadequate insurance coverage, the failure of an insurer to pay a claim or the insolvency of an insurer; (xi) risks from floods, hurricanes, earthquakes or other natural disasters, including uninsured damages and re-designation of previously designated “non- flood” areas; (xii) risks of terrorist attacks; (xiii) limitations on and variations in rents; and (xiv) changes in interest rates and the performance of the stock market. Such risks are higher to the extent that assets underlying or collateralizing clients’ investments are concentrated geographically, by property type or in other respects. In addition, real estate loans are subject to prepayment by borrowers, which can materially and adversely affect the expected returns from an investment, even when there are prepayment premiums and defeasance provisions.

Risks of Investing in Real Estate Debt. Repayment of a real estate loan depends on the performance and value of the related mortgaged property. Loans secured by commercial or multi-family properties may have a greater likelihood of delinquency and foreclosure, and a greater likelihood of loss in the event of delinquency or foreclosure, than loans secured by an owner-occupied single-family property. Commercial lending typically involves larger loans to single borrowers or groups of related borrowers than single-family loans. There may be a general increase in vacancy rates and a decline in values with respect to commercial or multi-family real estate across the United States. When combined with the contraction of credit liquidity, these factors may result in increased defaults and greater losses with respect to commercial real estate loans. Commercial and multi-family real estate can be affected significantly by the supply and demand in the market for the type of property securing a loan and, therefore, may be subject to adverse economic conditions. Market values may vary as a result of economic events or governmental regulations outside the control of borrowers or lenders that impact the cash flow of the property. The risks of investing in commercial or multi-family real estate loans include adverse changes in general, national or local economic conditions, real estate values generally and in the locale of mortgaged properties, interest rates, real estate tax rates, other operating expenses (including costs of energy), inflation,

the supply of and demand for properties of the type involved, zoning laws or other governmental rules and policies (including environmental restrictions), competitive conditions, civil disorder, acts of war or of terrorists, acts of God, such as floods, hurricanes or earthquakes, and other factors beyond the control of borrowers. Due to these and other factors, the performance of real estate has historically been cyclical.

Properties that secure loans may suffer varying degrees of financial distress or may be located in economically distressed areas. Any changes in the value of real property collateralizing loans may result in losses. Adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. Also, if a loan defaults, liquidation will result in lower proceeds. Loans may become non-performing for a wide variety of reasons and may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. Even if such restructuring is successfully accomplished, a risk may still exist that upon maturity of such loans, replacement “take-out” financing will not be available. In addition, it may be necessary or desirable to foreclose on a real estate loan. Foreclosure litigation tends to create a negative public image of the mortgaged property and may result in disrupting the ongoing leasing, management and operation of the property. The real estate foreclosure process is often lengthy and expensive, sometimes taking several years or more to litigate. In an effort to force a lender into a modification of the loan or a favorable buy-out of the borrower’s position, borrowers may resist foreclosure actions by asserting numerous claims, counterclaims and defenses, including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact. If a borrower files for bankruptcy, foreclosure actions are stayed, resulting in further delays.

Risks Relating to Retail and Office Properties. A number of the loans and securities Prima buys on behalf of clients are collateralized by retail and office properties, each of which have specific risks. The value of a retail property is significantly affected by the quality of the tenants as well as fundamental aspects of real estate, such as location and market demographics. The correlation between success of tenant businesses and a retail property’s value may be more direct with respect to retail properties than other types of commercial property because a component of the total rent paid by certain retail tenants is often tied to a percentage of gross sales. As such, retail properties may be adversely affected by unemployment and other factors affecting consumer spending and the economy generally, including the cost and availability of credit. Increased competition from sources outside a retail market could adversely affect income from and market value of a retail property. Various factors may adversely affect the value of office property, including the quality of an office building’s tenants and property management;

early termination provisions in leases; an economic decline in the business operated by the tenants; the diversity of an office building's tenants (or reliance on a single or dominant tenant); the physical attributes of the building in relation to competing buildings and technological needs; the desirability of the area as a business location; the strength and nature of the local economy; and an adverse change in population, patterns of telecommuting or sharing of office space.

Risks from Tenants. Clients' investments in real estate debt have exposure to the tenants of properties collateralizing loans. The ability of borrowers to make timely payments on loans on properties depends principally on timely rent payments by tenants, where relevant. The bankruptcy or insolvency of a tenant may adversely affect rent payments and therefore a borrowers' loan payments. Likewise, tenants might experience economic downturns and close locations or fail to pay rent, which could adversely affect borrowers' ability to meet their obligations. There could be an economic decline in businesses operated by numerous tenants, which would pose a risk of loss to various investments held by clients.

Credit Risks Associated with Loans. Clients' investments in real estate debt have exposure from loan defaults, foreclosure, and other impairments. Even though loans are collateralized, the collateral might not protect fully against the risk of loss. The creditworthiness of the borrower and the priority of liens are of great importance. Prima cannot guarantee the adequacy of measures taken to protect clients' interests, including the validity or enforceability of a loan and the maintenance of the anticipated priority and perfection of applicable security interests. Furthermore, Prima cannot assure that claims may not be asserted that might interfere with enforcement of clients' rights. In the event of a foreclosure, clients may assume direct ownership of an underlying asset. Liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan or security, resulting in a loss. Any costs or delays involved in foreclosing on a loan or liquidating underlying property will also reduce proceeds and increase the possible loss.

Risks from Structured Finance Securities. Prima's clients invest in structured finance securities, such as, for example, CMBS or collateralized mortgage obligations. Structured finance securities present risks similar to or greater than those of commercial real estate loans. Moreover, structured finance securities present a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In the event of a prepayment, the client may not be able to reinvest the proceeds in comparable investments at similar or higher interest rates. In addition, the performance of a structured finance security will be affected by a variety of factors, including (a) its priority in the capital structure of the issuer thereof, (b) the availability of any credit enhancement, (c) the level and timing of payments and recoveries and the characteristics of the underlying receivables, (d) loans or other assets

that are being securitized, (e) remoteness of those assets from the originator or transferor, (f) the adequacy of and ability to realize upon any related collateral, and (g) the capability of the servicer of the securitized assets. Furthermore, the performance of a pool of loans originated and outstanding under a given set of economic conditions may vary significantly from the performance of an otherwise comparable pool originated and outstanding under a different set of economic conditions.

Structured finance securities typically are separated into groupings known as “tranches,” representing different degrees of credit quality. Higher rated tranches typically have lower risks and pay lower interest rates, while lower rated tranches pay higher interest rates, but are exposed to greater risk. If Prima’s clients invest in lower rated tranches of structured finance securities, they could lose their entire investment if underlying borrowers default.

In addition, the market value of structured finance securities will also be influenced by the supply of and demand for structured finance securities generally. For example, the supply of CMBS will depend on, among other things, the amount of commercial mortgage loans that are available for securitization. Also, financial reform legislation could adversely affect the market for CMBS. A client’s ability to sell CMBS in its portfolio will depend on whether and to what extent a secondary market exists for the securities.

Ratings Risk. Ratings assigned to CMBS by rating agencies do not represent any assessment of the yield to maturity that the investment may experience. Ratings reflect only the views of rating agencies as of the date such ratings were issued. Future events could have an adverse impact on such ratings. Ratings may be reviewed, revised, suspended, downgraded, qualified or withdrawn entirely as a result of changes in or unavailability of information. Ratings do not consider to what extent loans will be subject to prepayment. Any ratings downgrade could affect a client’s ability to purchase or retain such securities.

Non-Recourse Nature of Real Estate Loans. Loans originated or purchased by Prima on behalf of clients and loans securing CMBS purchased for client are non-recourse. In the event of a default, recourse may generally be had only against the property collateralizing a loan. Clients’ investments are not insured or guaranteed by the United States or any other guarantor.

Risks from the Form of Borrower. Loans originated or purchased by Prima on behalf of clients and loans securing CMBS are generally between legal entities, rather than individuals. Loans made to legal entities may entail risks of loss greater than those of loans made to individuals. For example, a legal entity, as opposed to an individual, may be more inclined to seek legal protection from its creditors under the bankruptcy laws. Unlike individuals involved in bankruptcies, such entities generally do not have personal assets and creditworthiness at stake.

Risk of Limited Insurance Coverage. Although properties collateralizing loans are typically insured against certain risks, there is a possibility of casualty loss for which insurance proceeds may not be adequate or which may result from risks not covered by insurance. Additionally, insurance typically covers only the replacement value, which may be significantly lower than its market value.

When a borrower is not required to or cannot rebuild, insurance may not be sufficient to pay a related loan in full and there may be no “gap” insurance to cover any difference. Also, borrowers may not be able to comply with requirements to maintain adequate insurance. Prima cannot guarantee that any insurer will remain solvent or be able to satisfy its obligations under an insurance policy. Under the Terrorism Risk Insurance Program, the federal government shares in the risk of loss associated with certified terrorist acts. It is a temporary program, however, and there is no guarantee that it will continue in its current form.

Concentration of Investments in Commercial and Multi-family Real Estate Debt. Prima follows clients’ investment guidelines, which mandate diversification metrics relating to, for example, geographic regions, industries, property types and borrower concentrations. However, because all of clients’ investments involve U.S. commercial or multi-family real estate debt, clients risk losses arising in that sector of the economy, including from economic downturns, or adverse developments in relation to a geographic sector, borrower, industry sector, or property type.

Limitations of Appraisals. The value of property collateralizing loans might be lower than the appraised value. In general, appraisals represent the analysis and opinion of qualified experts and are not guarantees of present or future value. One appraiser may reach a different conclusion as to the value of a property than a different appraiser appraising the same property. Moreover, appraisals seek to establish the amount a typically motivated buyer would pay a typically motivated seller and may take into account the purchase price of a property. The appraised amount could be significantly higher than the amount obtained from the sale of such property under a distress or liquidation sale.

Limitations of Inspections and Engineering Reports. Engineers or consultants who inspect properties collateralizing loans may not have identified all conditions requiring repair or replacement. An engineering report, property condition assessment or site inspection represents only an analysis of the individual consultant, engineer or inspector at the time of such report and may not reveal all necessary or desirable repairs, maintenance or capital improvement items.

Environmental Hazards. Losses may occur if the property underlying a loan or CMBS is found to have an environmental problem. Due diligence reports of environmental inspectors do not guarantee that a property is free from

environmental problems. Owners of property collateralizing loans may be liable for the clean-up and removal of hazardous substances under federal, state and local environmental laws, even if they were not aware of, or responsible for, the hazardous substances on the property. The cost of remediation could exceed the value of the property. A lender taking a security interest in a property could, under some circumstances, become liable under some environmental laws, such as the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as well as other federal and state laws, for the costs of responding to a release or threat of a release of hazardous substances on or from a borrower's property, regardless of whether the borrower or a previous owner caused the environmental damage. While there might be indemnities covering environmental cleanup costs and liabilities, the indemnities may not be sufficient to remediate any environmental conditions, or the indemnifier may not have the financial wherewithal to fulfill its obligations under the indemnity.

Lower Credit Quality Investments. CMBS and REIT bonds may suffer losses even if they are rated as investment grade. Certain CMBS and REIT bonds may have large uncertainties or major risk exposures to adverse conditions, and may be considered to be speculative. Generally, lower quality loans and bonds offer a higher return potential than better quality loans and bonds, but involve greater volatility of price and greater risk of loss of income and principal. Lower rated tranches of Prima securitizations that are held by some clients have more risk than higher rated tranches held by investors not affiliated with Prima. The market values of lower quality loans and bonds tend to be more sensitive to changes in economic conditions than better quality loans.

Ability to Acquire Loans on Advantageous Terms; Competition and Supply. Prima seeks to acquire loans and securities on advantageous terms for its clients. We compete with other lenders, some of which have substantially greater financial resources and are better known than Prima. Increased competition for, or a diminishment in the available supply of, qualifying loans and securities could result in lower yields on such loans, which would adversely affect the performance of clients' portfolios.

Fraud. Prima relies to some extent upon the accuracy and completeness of representations made by borrowers, originators and third-party service providers (as applicable), and cannot guarantee that such representations are accurate or complete. The possibility of a material misrepresentation or omission on their part is beyond Prima's control. Such fraud may, among other things, adversely affect the value of property securing loans or the ability of clients to perfect or effectuate a lien on the collateral.

US Dollar Concentration. Prima's clients invest only in US-dollar denominated securities or loans. Clients are therefore not diversified with respect to currency risk. If US denominated investments perform worse than investments

denominated in other currencies, then clients will achieve lower results than if their investments were diversified by currency.

Market or Interest Rate Risk. The market price of clients' investments in fixed income securities is affected by changes in interest rates. (As interest rates rise, generally the prices of fixed income securities fall.) This change in market price will generally not affect the performance of fixed income securities if they are held to maturity. However, if fixed income securities are sold before their maturity date, a rise in interest rates could result in a loss.

Other Factors Outside Prima's Control. The performance of clients' investments is subject to numerous factors that are beyond Prima's control. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism, armed conflict, energy supply or price disruptions and natural disasters and man-made disasters) that may affect markets in general or the commercial and multi-family real estate debt market in particular. Many state and local governments are experiencing, and are expected to continue to experience, severe budgetary strain. One or more states or significant local governments could default on their debt, or seek relief from their debt under the federal bankruptcy code, or by agreement with their creditors. Any of these circumstances could lead to significant volatility in or disruption of the United States or global credit markets without warning. Prima cannot predict such events or their effect on the value and performance of clients' investments, which could fluctuate from period to period.

Cybersecurity Risk. With the increased use of technologies to conduct business, Prima is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (*e.g.*, through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment or systems; or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (*i.e.*, efforts to make network services unavailable to intended users). Cyber incidents affecting Prima or service providers it uses (including, but not limited to, accountants, administrators, custodians, and financial intermediaries used by a client) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to prepare statements, the inability to transact business, or additional harms. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a client invests, counterparties with which a client engages in transactions, and other parties.

Disciplinary Information

Neither Prima nor its employees have any legal or disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

Prima serves as manager of and investment adviser to PMIT. Prima has in the past and may in the future facilitate securitizations on behalf of PMIT and clients with separately managed accounts, recommending that they sell certain of their investments into the securitizations and that they retain portions of the securitizations in their portfolios. This arrangement may result in a potential conflict of interest in that Prima may, theoretically, execute a securitization on behalf of clients in order to receive such additional fees. In order to mitigate this conflict, full disclosure is made to all clients who are subject to securitization performance fees in order that they may assess the propriety of these fees. Clients are charged a performance-based fee, which depends on achieving agreed-upon benchmarks in connection with assets to be sold as part of the securitization. As a result, Prima would not earn any fee if it recommended a securitization that did not meet the benchmark (*i.e.* was not profitable to the client). In addition, Prima's Code of Ethics, as described above, mandates that Prima and its personnel always act in the best interest of its clients when providing investment advice. Consequently, Prima recommends securitizations only if we believe, in good faith, that they are in line with the client's investment objectives.

Prima has a relationship with Stone Point Capital LLC ("Stone Point"), a registered investment advisor that manages private equity funds that invest in companies operating in the financial services industry. A group of private equity funds managed by Stone Point, Trident V, L.P. and Trident V Parallel Fund, L.P., control Trident Prima, Inc. ("Trident Prima"), which is a principal owner of Prima. Trident Prima has the right to appoint two of the four members of Prima's Board of Directors (the "Board") and currently one Board member has been appointed by Trident Prima. Neither Stone Point nor the members of the Board appointed by Trident Prima are involved in the day-to-day operations of Prima. Stone Point, as the manager of the Trident V funds, could theoretically influence the business and policies of Prima through its ability to appoint Board members, and prioritize its interests over the interests of Prima and its clients. This risk is addressed by Stone Point's limited involvement with Prima's business. Board members are limited to ensuring that Prima does not deviate from its core business, and are not authorized to make investment recommendations or decisions for Prima's clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Prima operates under a Code of Ethics that complies with 204 A-1 of the Investment Advisers Act of 1940 ("Advisers Act"). The code sets forth fiduciary standards that require Prima and all of its employees to meet the highest standards of conduct and integrity and carry out their duties for the exclusive benefit of our clients. The code

incorporates Prima's insider trading policy and personal securities trading procedures. The code also includes provisions relating to the confidentiality of client information, and sets forth the firm's policy regarding gifts and entertainment, among other things. A copy of Prima's Code of Ethics is available for review by clients and prospective clients upon request. You may request a copy by email to dhey1@primaadvisors.com, or by calling us at (914)725-9380.

Brokerage Practices

Prima is not itself, or affiliated with, a registered broker-dealer. All securities transactions on behalf of clients are directed to independent broker-dealers that provide best execution. To fulfill this fiduciary obligation Prima seeks to execute transactions in such a manner that the client's total cost or proceeds in each transaction is the best attainable in the market conditions at the time of execution. The manner in which Prima obtains best execution varies among types of transactions, depending on the depth of the market. When Prima buys securities they are typically offered by only one or a handful of broker-dealers and Prima assesses various features, including risk characteristics and yield, to determine whether the securities fit within the investment guidelines of one or more clients. If circumstances permit, Prima seeks to acquire the asset on better terms than are offered. When Prima sells securities, it notifies a number of broker-dealers of the securities and offered terms and sets a time and date for submission of bids. The firm offering the best bid received on time is awarded the trade.

Prima frequently bids for transactions on an aggregated basis, for several clients, with a plan to allocate specific portions of the trade to each of the clients, assuming that the whole bid is awarded. If the whole bid is not awarded, the executed order will be allocated on a pro-rata basis, according to the original allocation, provided that each piece is of sufficient size for subsequent trading and meets the client's investment guidelines. If the trade cannot be allocated, Prima will allocate it to the portfolio with sufficient cash to make the entire investment; provided, however, that if there is more than one portfolio with sufficient cash, then the investment will be allocated (1) first, based on whether the concentration of location, property type, borrower and such other matters as the Investment Advisor deems relevant is appropriate for such portfolio and (2) second, in the event that more than one portfolio remain as potential investors after such an analysis, so that a portfolio shall receive the investment opportunity when it has been allocated such an opportunity less recently than the others.

Prima does not currently use soft dollars to pay for research services.

Review of Accounts

Client accounts are monitored on an ongoing basis by Prima's portfolio managers and Chief Financial Officer. Formal account reviews are performed on a quarterly basis, by the portfolio managers and CFO, and reviewed by the Chief Executive and Chief

Compliance Officer. The purpose of these quarterly reviews is to compare client's portfolios with clients' stated investment objectives and guidelines and restrictions. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, market changes, the availability of higher-quality investments, and natural disasters potentially affecting the real estate underlying loans.

Prima provides clients with written quarterly reports summarizing account performance, balances and holdings.

Client Referrals and Other Compensation

Prima does not receive any form of compensation, including cash, sales awards or other prizes, from any non-clients for providing investment advice or other advisory services to clients. Prima does not engage the services of third-party solicitation agents. From time to time an outside investment consultant for a potential client may ask Prima to pay it a commission if Prima is selected by the client upon conclusion of a search process that was overseen by the consultant. Prima has paid one consultant a commission in this circumstance, which was fully disclosed to the client.

Custody

By serving as the managing member of a private fund, PMIT, Prima is deemed to have custody of the securities in its portfolio. Rule 206(4)-2 of the Investment Advisers Act imposes certain requirements on registered investment advisers who have actual or deemed custody of client assets. Prima complies with the custody rule by having a qualified audit firm perform annual audits of the private funds in accordance with GAAP and distributing audited financial statements to investors in the funds within 120 days after each fund's fiscal year. Where relevant, the fund's assets are held at a qualified custodian to the extent required by the custody rule.

Investment Discretion

Prima provides investment advisory services to clients on both a discretionary and non-discretionary basis. In the case of discretionary accounts, clients enter into an investment management agreement that gives Prima complete discretion to enter into transactions on their behalf. For discretionary accounts, Prima does not contact clients for authorization prior to determining to buy or sell an investment and deciding the amount that will be bought or sold. Prima's discretion is limited by the investment guidelines and restrictions that are made part of the investment management agreement.

Voting Client Securities

Prima's clients do not hold equities and therefore they do not generally receive proxy solicitations regarding investments held at Prima. Prima has in place a policy that

clients maintain exclusive responsibility for: (1) directing the manner in which any proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, bankruptcy proceedings or other related type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to them all proxies and shareholder communications relating to the client's investment assets.

If Prima receives a tender offer from an issuers of debt securities, Prima will vote on tender offer on behalf of a client unless there is a potential or actual conflict of interest, in which case Prima will seek instruction from the client and vote as instructed by the client. Clients can obtain a copy of Prima's policy and procedures on proxy voting and information on how specific tender offers relating to their holdings were voted by sending an email to gwhite@primaadvisors.com, or by calling us at (914)725-9380.

Financial Information

Prima does not solicit prepayment of client fees. There are no financial commitments that might impair Prima's ability to meet any of its contractual commitments to clients.