

Item 1 – Cover Page

SB StratRE Advisors, LLC

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March 30, 2017

This Brochure provides information about the qualifications and business practices of SB StratRE Advisors, LLC (“SB Advisors” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at rcrockett@sbstratre.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

SB Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about SB Advisors also is available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with SB Advisors who are registered, or are required to be registered, as investment adviser representatives of SB Advisors.

Item 2 - Material Changes

None.

SB StratRE Advisors, LLC is a newly-formed investment adviser filing its initial Form ADV (the “Brochure”) with the United States Securities and Exchange Commission (the “SEC”). In the future, this Item will discuss only specific material changes that apply to our business since the last update of our Brochure.

In accordance with SEC Rules, you will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year, which is December 31st. We may also provide you with a new Brochure or other ongoing disclosure information about material changes as necessary, without charge.

Currently, our Brochure may be requested by contacting Richard Crockett at rcrockett@sbstratre.com, without charge. Our Brochure is also available on our web site www.sbstratre.com, also without charge.

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Item 4 - Advisory Business

Who We Are

SB StratRE Advisors, LLC, a New York limited liability company (“SB Advisors” or “we” or “our” or “us”) was formed in New York in February, 2017. We are an investment adviser that supervises certain affiliated relying advisers (each, a “Manager,” and collectively, the “Managers”), each of which is deemed to be registered under the Advisers Act in reliance on SB Advisors’ registration in accordance with SEC guidance. SB Advisors and the Managers provide investment advice to stand-alone investments and/or proprietary funds (each, a “Fund,” and collectively, the “Funds”) that may include parallel funds structured, for tax or other reasons, to satisfy investor needs. The stand-alone investments and the Funds are sometimes referred to, collectively, as the “Investment Programs.”

Principal Owners

We are jointly owned by CEML Holdings, LLC, a New York limited liability company (“CEML Holdings”) and EMHS Holdings, LLC a Florida limited liability company (“EMHS Holdings”):

- 50% of the membership interests in SB Advisors are held by CEML Holdings, which, in turn, is owned 90% by Rick H. Singer and 10% by Steven Richman;
- The remaining 50% of the membership interests in SB Advisors are held by EMHS Holdings, which, in turn, is owned 100% by David F. Filler; and
- Detailed biographies are provided below of each individual who: (1) directly formulates investment advice for our Investment Programs; or (2) makes discretionary investment decisions for our Investment Programs.

SB Advisors is affiliated with Osprey Partners LLC, a Connecticut limited liability company (“Osprey”) through EMHS Holdings. Mr. Filler is a founder of Osprey and the Trustee for David Filler Trust, which owns 100% of the membership interests in Osprey. Osprey is an SEC- and FINRA-registered broker-dealer through which we may solicit investors for our Investment Programs, as discussed in Item 12, Brokerage Practices, below.

Our Business

Our business has two distinct strategies, each focusing on commercial real estate and real estate-related investments and instruments, to meet the investment objectives of our Investment Programs. We implement a substantially similar strategy for all of our Investment Programs, but may, from time to time, tailor our advisory services to the individual needs of a particular Investment Program or separate account, as necessary. Each Investment Program is managed in accordance with the investment objectives, strategies and guidelines set forth in the relevant Investment Program’s confidential Offering Documents.

Investment advice is provided directly to each Investment Program itself and not to the individual investors in the Investment Programs. Our Investment Programs are typically U.S. and non-U.S. limited partnerships, U.S. limited liability companies and other investment vehicles that are not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), or the U.S. Securities Act of 1933, as amended (the “Securities Act”). Interests in our Investment Programs are sold to qualified investors in the United States and elsewhere or are established as dedicated investment vehicles and/or strategic partnership arrangements for certain institutional investors.

1. The Secured Strategy

Our secured strategy Investment Programs focus on supervising the Managers, who, in turn, identify, participate, originate and/or manage “eligible” investments in diversified pools of real estate-backed mortgages, and other short- and medium-term notes (each, a “Note,” and collectively, the “Notes”) that are used to fund a broad range of projects, usually in connection with loans to commercial real estate assets (“CRE”). The Notes are generally secured by high quality properties with the goal to be diversified in type and by geographic markets. It is the intent of the Managers to invest in such assets based on the value of the CRE such that in an event of default, there is adequate value in the underlying CRE to provide the return of capital to the Investors. This portfolio may also include CRE loans that we originate, secured by mortgages. Such mortgages may include second lien, third lien or mezzanine financing on a secured basis.

The predominant criteria for these eligible investments is as follows: (i) geographic area will usually be within 70 miles of the top 20 US metropolitan markets (cities); (ii) in the case of a loan, the majority of the loans will be secured by a mortgage in either a first, second or third position and be non-recourse; (iii) some of the preferred equity positions will be secured by the common stockholders, developers, or partnership interests in the CRE project; (iv) inter-creditor agreements may be utilized; (v) many of these loans will not have prepayment penalties; (vi) the interest rates will vary from 5-16% depending on the jurisdiction and its permissible interest rates; (vii) the eligible investment or loan term will be in the range of 12-48 months, some with 12-24 month extension rights; (viii) some client assets may be allocated to the rehabilitation or renovation of a property and, as a result, many of the facilities will be non-cash flowing; in such situations, the Managers will secure other sources to meet repayment obligations; and (ix) the intended internal rate of returns (the “IRR”) to the investors will range between 9-14%.

We intend that our Managers will invest client assets directly into “secured” eligible investments or co-invest alongside other investors or affiliated programs.

2. The Equity or Opportunistic Strategy

This line of business focuses on supervising the Managers, who, in turn, identify and manage “eligible” investments in the form of equity investments in opportunistic and/or value-added CRE transactions. These eligible investments are traditionally high quality properties, chosen in part with the goal of diversification in type and by geographic markets. It is the intent of the Managers to fund such investments, working with together with experienced venture partners with respect to acquisitions, restructurings and developments to identify those CRE Projects with significant upside opportunity to provide higher IRR. Our investments may take the form of co-investment

structures including, without limitation, participation interests, syndication interests or joint-venture interests or any other investment structure.

For this business line, the predominant criteria for the preferred equity or partnership positions in which the Funds will invest and the eligible investments that they will make, as described above, is as follows: (i) geographic area will predominantly be within 70 miles of the top 20 US metropolitan markets (cities); (ii) anticipated overall IRR in the range of 14-20%; and, (iii) the intended investment term will be in the range of 48-72 months.

We intend that our Managers will invest client assets directly into “opportunistic” eligible investments or co-invest alongside other investors or affiliated programs.

Use of Offshore Entities

Each Manager, in its sole election, may establish one or more offshore entities for a particular Investment Program with limited liability for the benefit of non-U.S. investors and certain tax-exempt U.S. investors to invest all or substantially all of its assets in a particular Investment Program (the “Offshore Entities”). For any purpose deemed appropriate by the Manager, in its sole discretion, the Manager may treat the interests held by the Offshore Entities (if any are established) as if they were multiple LLC Interests held by multiple Investment Program Members (including, without limitation, with respect to any voting or consent rights of the Investment Program investors or in connection with a default on a capital contribution). Each Offshore Entity will be responsible for its own cost and fee structure.

Cash Management, Short Term Securities and Borrowing Policies

Each Investment Program, including multiple “secured” and multiple “opportunistic” strategies, is expected to be structured as individual “series” within a Delaware limited liability company. Each series, or Fund, will keep separate books and accounts, and will never commingle assets between series or Funds. As part of the management of the Investment Programs and each series, the Managers may hold interests in segregated accounts for cash management and other purposes in cash and cash equivalents, other short-term securities or money market funds, including, without limitation, pending the acquisition of the eligible investments or for the payment fees and expenses, including the Management Fee (as defined below). The Managers may also acquire for the Investment Portfolios securities as hedging vehicles to support the acquisition and management of eligible investments. Our offering documents for the Investment Programs reserve the right to use leverage to pay expenses and for other purposes, as determined by us in our sole discretion, including, without limitation, through borrowings from us or our affiliates. We may pledge our assets, or those of our affiliates, in order to secure any such borrowings. We may modify our borrowing policies, or those of our affiliates, from time to time. If appropriate investment opportunities are available, we may also invest, from time-to-time, in other limited partnerships and/or Real Estate Investment Trusts (“REITs”).

Investment Term and Capital Call Period

For the Secured Strategy, we expect that our Investment Programs will be offered for a term of seven years (the “Secured Strategy Term”), with investment periods of two to three years (the “Secured Strategy Investment Period”). For the Opportunistic Strategy, most of our Investment

Programs are offered for a term of ten years (the “Opportunistic Strategy Term”), with investment periods of two to four years (the “Opportunistic Strategy Investment Period,” and together with the Secured Strategy Investment Period, the “Investment Periods”). During the Investment Periods, the Manager may call capital from the members for Fund expenses or to invest in eligible assets to the extent of capital commitments available for an Investment Program; please see the subsection immediately below on “Capital Commitments.” Distributions and proceeds from the Investment Program will be distributed to the members of the Fund, subject to the Manager’s discretion to retain in the Fund the amounts it deems prudent for future Fund expenses, including Management Fees, all in accordance with the terms and conditions described in the offering documents for the particular Investment Program.

Following the expiration of an Investment Period, the Manager will not make any new investments for a particular Investment Program, but may use available cash and Capital Commitments to (i) complete investments in transactions for which binding written commitments were signed prior to the expiration of such Investment Period; (ii) effect follow-on investments in existing investments, provided that such follow-on investments will not exceed the cash on hand and available Capital Commitments of the particular Investment Program; (iii) engage in hedging or other cash management transactions; and (iv) pay or reserve for actual or anticipated expenses, liabilities or other obligations of the particular Investment Program (including, without limitation, obligations relating to indemnification) as the Manager deems necessary or appropriate in its sole discretion (collectively, “Continuing Obligations”).

Capital Commitments

As provided in our respective offering documents, all of our Investment Programs require investors to make an initial Capital Commitment that may be drawn upon by the Manager until that investor’s Capital Commitment is fully drawn, subject to certain limitations following the expiration of the related Investment Term. Subject to the foregoing, the Manager may make Capital Calls at such times and in such amounts as are determined by the Manager in its sole discretion. Capital Calls will generally be made pro rata according to each investor’s total Capital Commitment relative to the total Capital Commitments of all the investors in a particular Investment Program. However, the Manager may, in its sole discretion, call capital on a non-pro rata basis to the extent different investors are subject to different Management Fees (or no Management Fees). Any capital contributions not used within sixty (60) days after made (less any amounts that the Manager determines, in its reasonable discretion, are necessary or desirable to establish reserves in respect of any existing or proposed investments or expenses) will be returned to the investor making such capital contributions pro rata based on the respective amounts of such capital contributions.

Manager Discretion with Respect to Investors

As provided in the Funds’ offering documents, the Manager may, in its sole discretion, reject any Capital Commitment for an Investment Program in whole or in part, including any additional Capital Commitment made by an existing investor in such Investment Program. Further, the Manager may require any Member to withdraw any or all of its capital account from one or more Investment Program for any or no reason (including, without limitation, for regulatory, tax or Employee Retirement Income Security Act of 1974 (ERISA) reasons), because a withdrawal

would be in the best interest of the Series, the LLC Interests, the Company, the other Series Members, the Manager or any affiliate of the Manager, as determined by the Manager in its sole discretion, or otherwise. Due to the illiquid nature of the Investment Programs, payment of withdrawal proceeds may take a substantial period of time from the date a Member is required to withdraw all or a portion of its Capital Account. Withdrawal payments will be subject to provisions for liabilities and contingencies. In addition, additional Investment Programs may be created by SB Advisors or any of its affiliates without notice to, or the consent of, existing investors or any requirement allowing such investors to have any rights to invest in such additional Investment Programs.

Affiliated Vehicles

As provided in the Funds' offering documents, one or more of our Investment Programs managed by or otherwise affiliated with the Manager or its affiliates (the "Affiliated Vehicles") may invest in any Investment Program. The Manager has the right, in its sole discretion, to waive or reduce the Management Fee and Carried Interest with respect to any interests held by Affiliated Vehicles. Such Affiliated Vehicles may also invest alongside some or all of our Investment Programs.

Specific Investment Options

A. Stand-alone Investments

We may structure stand-alone investments, such as separately managed accounts, in accordance with client mandates. From time-to-time, this may also include side-by-side investments with our Funds. Investors in our stand-alone investments may include U.S. and non-U.S. institutional investors, family offices, sovereign wealth funds and/or high net worth individuals. Our principals may elect to co-invest in the Funds and stand-alone investments. We reserve the right to reject any prospective investor or investment in whole or in part, in our sole discretion.

Our management team includes experienced and knowledgeable real estate and credit investment professionals with significant familiarity with financing options for the CRE sector. In response to specific mandates, we may invest client assets alongside a recently formed partnership with a major international institutional investor. Among other terms, this stand-alone investment provides us with the exclusive right to deploy up to \$1.5B of capital in the United States CRE market in major gateway cities, including New York, Boston, San Francisco and Los Angeles.

B. Funds

Each of our Funds will typically be structured as a series within a Delaware series limited liability company. However, individual Funds and separate accounts may also be structured as LLCs, REITs, Offshore Entities, feeder vehicles, co-investment vehicles, alternative investment vehicles, parallel partnerships, special purpose entities, other investment vehicles and subsidiaries of the Funds or an Offshore Entity. Our principals may co-invest in each of our Funds. We anticipate that all investors in the Funds will be U.S. and non-U.S. institutional investors, family offices, sovereign wealth funds and/or high net worth individuals. We reserve the right to reject any prospective investor or investment in whole or in part, in our sole discretion.

C. The “Secured” Notes

The short-term Notes we acquire in our Secured Investment Programs are generally referred to as “transitional loans.” These are debt instruments made to CRE projects to finance short time frame (12 to 48 months) value creation. Transitional mortgages are used to add value to and stabilize a real estate asset through its redevelopment, lease-up or other processes. We may originate, participate in the syndication of, or purchase transitional mortgages in the secondary market. Eligible Investments are specifically defined in the offering documents for each Investment Program and are investments intended to realize the return of capital and expected return on investment. Eligible Investments may include: (i) transitional mortgages and loans made to CRE assets on short timeframes (typically, 12 to 48 months), (ii) preferred equity tranches invested in CRE that are further secured by subordinated equity investment capital, (iii) investments in entities that invest in (i) and (ii) above, and (iv) other investments, securities and financial products with similar returns and risk profiles as (i), (ii) and (iii) above.

Our Investment Programs may also include investments in medium-term Notes, again, generally, to fund CRE projects. In addition to the foregoing Eligible Investments, the Manager of a particular stand-alone investment or Fund may invest the offering proceeds in such assets as it deems appropriate in connection with the management of its particular investment portfolio, including hedging certain exposures within such investment portfolio. Hedging strategies may include, without limitation, debt securities issued by the companies in which the stand-alone investment or Fund holds Eligible Investments as well as certain equity securities, options, warrants, futures, forward contracts and other derivatives used primarily for cash management purposes. An investment portfolio may also hold interests in cash and cash equivalents, other short-term securities or money market funds, including, without limitation, pending the acquisition of the Eligible Investments or the payment fees and expenses, including the Management Fee.

D. Use of Leverage

Although the Manager does not anticipate using leverage, an Investment Program is not restricted from using leverage to pay expenses or for other purposes, as determined by the Manager, in its sole discretion, including, without limitation, through borrowings from the Manager or its affiliates. The Manager may pledge the assets of a particular Investment Program to secure any such borrowings. The rights of any lenders to a particular Investment Program to receive payments of interest or repayments of principal will be senior to those of the investors in such Investment Programs. Moreover, the terms of any borrowings may contain provisions that limit certain activities of a particular Investment Program and further limit the ability of an investor to transfer its interests in the particular Investment Program. The Manager may modify a particular Investment Program’s borrowing policies from time to time.

Any use of leverage will incur expenses, which may include, without limitation, interest charges and commitment fees, which expenses could be significant. In addition, the rights of any lenders to receive payments of interest or repayments of principal will generally be senior to those of the investors in an Investment Program, and the terms of any such borrowings may restrict certain activities of the Investment Program, including its ability to make distributions.

E. Other Investments

As provided in the offering documents of a particular Investment Program, we may include short sales transactions in our investment portfolio. In addition, if provided in the offering documents of a particular Investment Program, we have the right to trade in convertible securities and warrants, options, futures and various hedging transactions.

F. Our Portfolios

100% of the Investment Portfolios will focus on CRE projects, which will include: Multi Family; Mixed Use; Hospitality; Industrial; Developer Residential; and Office.

Principal Owners

Rick H. Singer, Manager and Co-Founder

At SB Advisors, Rick H. Singer will serve as our Chief Executive Officer and Portfolio Manager. He is also the Managing Member of PARE U.S. LLC, a Delaware limited liability company (“PARE US”).

Mr. Singer has over 30 years of experience in commercial real estate, joint venture, equity and securities investments, spending a significant part of his career as a Managing Director and Head of Global Real Estate at Salomon Brothers, Inc. Throughout his career, he has been actively involved in more than \$50 Billion USD of commercial real estate transactions as a principal member of real estate private equity firms and as an advisor. He has a wide range of strategic, finance, management and investment experience with diverse knowledge in all property types, and an appreciation for opportunities throughout the United States and in a global setting. Mr. Singer has important relationships throughout the developer, ownership and financial community, having been through various economic cycles over the past four decades.

In 2015, Mr. Singer formed PARE U.S. LLC¹, as the exclusive managing principal (with co-investment rights) to, and partner with, one of the largest institutional investment firms in the world (“PAC Institutional Investor”) for all of PAC Institutional Investor’s U.S. related real estate investments. PAC Institutional Investor shall be responsible to fund 100% of the capital needs of investments originated and underwritten by PARE US. As Managing Member of PARE US, Mr. Singer has the exclusive right, but not the obligation, to co-invest with the PAC Institutional Investor to the extent of 15% of the capital needs of any such investment. The option to invest a greater percentage of the overall capitalization may be available on a deal-by-deal basis. Pursuant to such arrangement, Mr. Singer may, from time to time, gear its capital investment by bringing in third party capital to fund all or a portion of the capital required for investment purposes. Mr. Singer has exclusively agreed to fund any such investments through the capital available from SB StratRE, LLC, a Delaware limited liability company.

Mr. Singer also is a member of the Board of Directors of CMTG/CN Mortgage REIT LLC (“CMGT”), a private real estate investment trust that provides transitional lending to the commercial real estate marketplace. Mr. Singer has fiduciary duties to both SB StratRE and

CMTG and will not disclose business opportunities of CMTG to SB StratRe and will not disclose business opportunities of SB StratRE to CMTG.

Since 2009, Mr. Singer has worked on a discreet basis with non-U.S. investors to provide opportunities and strategies to invest in commercial real estate. Historically, he has worked closely with the Al Mal Investment Company from Kuwait, and in other parts of the Middle East region. Additionally, during this time, Mr. Singer managed, on a fully discretionary basis, a commercial real estate investment portfolio that focused on public companies (long/short equities) with underlying real estate assets, including REITs, hotel companies and financial companies, for a large European institution.

Mr. Singer holds a J.D., with distinction, from Hofstra School of Law (1978) and a B.A. from Stony Brook University (1975).

David F. Filler, Esq., Manager and Co-Founder

At SB Advisors, David F. Filler will serve as our Chief Legal Officer and Chief Operating Officer. Mr. Filler is an attorney admitted to practice in Florida (2003), New York (1993) and Texas (1992). He is a founder and partner of the law firm, Filler Rodriguez, LLP, based in Miami, FL. Mr. Filler practices in the areas of general corporate law (including financial transactions, partnerships and limited liability companies), securities law and real estate law. Mr. Filler is a seasoned professional with experience in analyzing, underwriting, structuring, financing, conducting due diligence and documenting real estate transactions. Throughout his 25 year professional career, Mr. Filler has worked on a vast array of commercial real estate projects involving both private equity and debt structures, helped finance numerous start-ups and is a currently a principal in Suntex Marinas, a \$400 million mixed use commercial real estate company (marinas). At Suntex, Mr. Filler has been primarily responsible for sourcing, analyzing and underwriting new investment opportunities.

Mr. Filler graduated from the University of Texas, Austin, Texas in 1989 with Bachelor of Arts degree, majoring in Economics. He then attended the University of Texas School of Law, Austin, Texas, where, in 1992, he earned his J.D. degree. While at the University of Texas School of Law, he served as the Associate Editor of the Texas Law Review.

Steven Richman, Manager and Co-Founder

Mr. Richman is the CFO of SB Advisors. Mr. Richman has over 35 years of experience as a financial executive with extensive expertise in the real estate and financial services industries, spending much of his career as a Chief Financial Officer of a major real estate service and development firm and in a senior level position in a major international accounting firm. Steve is well-experienced in all real estate asset classes.

Mr. Richman is currently the senior managing director of the Eastbridge Group, a firm that is engaged in a broad range of real estate related activities, including principal investment, investment and asset management and consulting services. In addition to his management responsibilities, he is responsible for real estate acquisitions, capital raising and other investment opportunities.

Before joining Eastbridge in 2012, Mr. Richman was managing director and founder at Northfield Advisors LLC, a real estate advisory firm specializing in preserving value, maximizing recovery and positioning troubled real estate assets. Previously, Mr. Richman was a managing director and principal of The Whitehill Group, Inc., a real estate firm focused on real estate and corporate merchant banking activities, real estate investments and related opportunities. At The Whitehill Group, he directed and oversaw restructuring and turnarounds for highly varied types of distressed real estate and debt portfolios. Mr. Richman had primary responsibility for financial and operations-related activity such as coordination with lenders and investors, acquisition analysis, implementation of operating plans and development of leasing strategies.

Previously, Mr. Richman was Executive Vice President and Chief Financial and Administrative Officer of the Raynes Companies. In his capacity as Chief Financial and Administrative Officer he had primary responsibility for the financial and administrative operations of the Company, overseeing a property management portfolio valued at over \$15.0 billion. Additionally, Mr. Richman was responsible for property acquisitions totaling \$5.1 billion.

Prior to joining the Raynes Companies, Mr. Richman was a senior manager at the international accounting firm of Price Waterhouse. During his tenure at Price Waterhouse, he was involved with a broad range of clients in the real estate and financial services sectors.

Mr. Richman graduated from City College of New York in 1970 with a B.A. degree in Economics. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants and the Urban Land Institute. He is a former Member of the New York State CPA Real Estate Committee.

Wrap-fee Programs

N/A.

Assets Under Management (“AUMs”)

We expect to manage twenty-five million (\$25,000,000) dollars in regulatory AUMs within 120 days of filing this Brochure, all on a non-discretionary basis.

Item 5 - Fees and Compensation

A. Fee Structure

SB Advisors provides investment advice to, and supervises, affiliated relying advisers who are registered with the SEC through us. We are compensated as a result of the activities of our affiliated relying advisers, which earn revenues by providing investment advice to our Investment Programs through a combination of management fees and performance fees. Performance fees, in the form of carried interest, are paid to the respective Managers of the Funds and the stand-alone investments, as provided in the respective offering documents of our Investment Programs. Certain fees charged by SB Advisors or its affiliated relying advisers may be subject to negotiation. In addition, such fees, in a particular Manager's sole discretion, may be reduced or waived for certain large clients, Affiliated Vehicles (as defined and discussed, below) and employees.

The specific manner in which fees are charged by SB Advisors is established in our written relying adviser investment management agreements with our affiliated relying advisers.

Management Fees

A respective Manager will generally charge the related Fund a management fee (the "Management Fee") determined as of the end of each calendar quarter equal to the greater of (i) one and sixty-five one-hundredths (1.65%) percent per annum on capital contributions that have not yet been realized (which does not include cash and other cash equivalents, other short term securities or money market funds that are not Investments), accruing daily and (ii) one half (0.50%) percent per annum of the aggregate capital commitments of the Fund, in each case, payable quarterly in arrears.

Management Fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of small contributions and withdrawals). Accounts opened or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. If a particular Investment Program has insufficient cash available to pay expenses or the Management Fee in full, as determined by the Manager in its sole discretion, the Manager may (i) make a capital call or borrow from the Manager or its affiliates, or (ii) the expenses and/or Management Fee may be accrued as a debt of the Investment Program due to the Manager, together with interest at three (3%) percent per annum, which interest will be added to the Management Fee.

Carried Interest

The Manager receives compensation in the form of payments of carried interest. Distributions proceeds from a particular Investment Program are allocated as follows:

Investment Capital (returns of Investment principal and appreciation)

- a. first, 100% to the members, *pro rata* in accordance with their relative capital accounts, until they receive a return of their capital contributions, as calculated after payment of the Management Fee and Fund expenses;

- b. second, 100% to the members, pro rata in accordance with their relative capital accounts, until they receive any shortfall of the 8% preferred return on their net capital contributions as set forth below; and
- c. thereafter, between the members and the Manager (as “Carried Interest”), in the following ratio: (a) 75% to the members and (b) 25% to the Manager.

Investment Portfolio Distributions (Investment Portfolio distributions, interest and other gains)

- a. first, 100% to the members, pro rata in accordance with their relative capital accounts, until they receive any shortfall of return of their capital contributions, set forth above for return of invested capital;
- b. second, 100% to the members, pro rata in accordance with their relative capital accounts, until they receive an 8% preferred return on their net capital contributions, as calculated after payment of the Management Fee and Fund expenses; and
- c. thereafter, between the members and the Manager (as “Carried Interest”), in the following ratio: (a) 75% to the members and (b) 25% to the Manager.

Carried Interest will be calculated on an annual basis and will be paid from “realized profits” that exceed the amount of any “realized losses, amounts held in reserve for “unrealized losses” and any “loss carry-forwards”. For purposes of calculating Carried Interest: (i) “Realized profits” means distributions, interest and other gains received from the Investment Portfolio in excess of acquisition cost of an Investment; (ii) “Realized loss” is the aggregate amount by which an Investment fails to return its acquisition cost plus an 8% per annum preference; (iii) “Unrealized loss” means the estimated loss on an Investment determined as of a specific date; and (iv) “Loss carry-forwards” means the (i) sum of (x) the cumulative amount by which distributions to a member has underperformed the stated 8% per annum preference plus (y) any realized losses, minus (ii) realized profits.

Each Manager will engage an independent valuation firm to determine, as of the last day of each calendar year, the value of each Investment Portfolio and to determine Carried Interest, if any, earned thereon. In each year following a Carried Interest distribution to the Manager, the valuation firm shall recalculate the Carried Interest for the period from inception to the measuring date, without regard for any prior Carried Interest distributions. In subsequent years, the Manager shall receive additional Carried Interest or refund prior Carried Interest distributions, as applicable, if subsequent Carried Interest calculations exceed or are less than prior Carried Interest distributions; in no event shall the Manager be required to refund more than the aggregate amount of Carried Interest distributions received by it from any Fund.

The Manager may, in its sole discretion, waive or impose different distribution and Carried Interest provisions for any Investment Program, including, without limitation, by means of a rebate, without notice to, or the consent of, other investors in that particular Investment Program, and, if necessary, the Manager may make appropriate amendments to the governing documents to reflect any such arrangement without the consent of the investors in that particular Investment Program. Under certain circumstances, as detailed in our offering documents, the Manager may be required to restore distributions of its Carried Interest from the Investment Programs to the extent that such

distributions (net of taxes) exceed amounts that would have been distributable to the Manager under the formula described above. One or more investment vehicles and/or separate accounts managed by or otherwise affiliated with the Manager or its affiliates (the “Affiliated Vehicles”) may invest in the Funds or in a stand-alone investment. The Manager has the right, in its sole discretion, to waive or reduce the Management Fee and Carried Interest with respect to any Interests, including any LLC Interests held by Affiliated Vehicles. Such Affiliated Vehicles may also invest alongside the Company in some or all of the Investments.

B. Investor Payment of Fees

In accordance with our offering documents, SB Advisors generally will bill its fees on a quarterly basis in arrears, each calendar quarter. The relying advisers may also elect to bill directly for their respective fees or authorize us to debit fees directly from their client accounts, as provided in the offering documents for the particular Investment Program.

C. Other Types of Fees or Expenses Investors May Pay

As provided in our respective offering documents, the Manager, together with its affiliates and employees (and their family, estate planning vehicles or other charitable vehicles) (such persons, “Sponsor Related Persons”), have committed to fund all formation and operating expenses of a particular Investment Program until such time such Investment Program can pay its expenses from profits. At such time, the Investment Program will repay amounts lent to it by the Sponsor Related Parties, with interest accruing at the rate of three (3%) percent per annum.

SB Advisors’ fees are exclusive of any brokerage commissions, transaction fees and other related costs and expenses incurred by the Funds. Funds may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by Managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to our fees, as described above, and we do not receive any portion of these commissions, fees, and costs.

Item 12 of Form ADV, Part 2, further describes the factors that SB Advisor considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions). Item 12 also discusses when we will use the services of our affiliated broker-dealer, Osprey Partners LLC, and the fees charged when we do so.

D. Fees are Not Paid in Advance

We do not bill our Investment Program for fees in advance.

E. Transaction-based compensation

Our Supervised Persons do not accept transaction-based compensation. However, as discussed in Item 12, we may use our affiliated broker-dealer to conduct certain transactions on our behalf.

CONFLICTS OF INTEREST

The existence of a Manager's Carried Interest may create an incentive for the Manager to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based compensation. SB Advisors believes, however, that its long term commitment to the business results in investment decisions made in the best interests of its Funds and not its respective Managers. Any investment deviating from the investment criteria set forth in the governing documents of a particular Investment Program requires the consent of that Investment Program's investors.

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

In accordance with our offering documents, performance-based fees are paid to the respective Managers of our Investment Programs in the form of Carried Interest; this is detailed in Item 5, above. We structure any performance or incentive fee arrangement to comply with Section 205(a)(1) of the Investment Advisers Act of 1940 (the “Advisers Act”), including the exemptions available thereunder, such as the exemption set forth in Rule 205-3. In measuring clients’ assets for the calculation of performance-based fees, the Manager will include realized and unrealized capital gains and losses.

As a fiduciary, we have the legal obligation to select investments that we deem to be in the best interests of our clients (the Funds), and to otherwise act in our clients’ best interest, not in ours. Among the factors we consider when making investments is our client’s investment objectives, the investment time horizon, the risk and reward balance of the potential investment, including, without limitation, the client’s need for liquidity and tolerance for risk. Our investment selections are based on what we believe provides the potential return for the client within our projected time horizons.

The respective Managers also charge management fees to our Investment Programs, as detailed in Item 5, above.

Potential Conflicts of Interest

Carried Interest fee arrangements may create an incentive for SB Advisors to recommend investments that may be riskier or more speculative than those recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying clients over other accounts in the allocation of investment opportunities. We have procedures designed and implemented to ensure that all Funds are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 - Types of Clients

Investors in our Investment Programs are primarily U.S. and non-U.S. institutional investors, family offices, sovereign wealth funds and/or high net worth individuals. As stated in our offering documents, we generally require a minimum investment of \$1,000,000 to invest in any of our Investment Programs. SB Advisors may require a different minimum investment amount, either higher or lower, under certain circumstances, particularly with respect to our stand-alone investments. The Managers of our Investment Programs reserve the right to reject any prospective investor or investment in whole or in part, in their sole discretion.

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

INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT INVESTORS SHOULD BE PREPARED TO BEAR.

ANALYSIS AND STRATEGIES

A. Investment Strategies

Our Funds include a “Secured” strategy and an “Opportunistic” strategy.

Our Secured strategy focuses on investments in short-term Notes, generally referred to herein as “transitional mortgages.” We believe this market opportunity is available because increased regulation and capital requirements (Basel III, Dodd-Frank) have reduced banks’ ability to lend on transitional assets. Instead, traditional lenders are now focused on low leverage, fully-stabilized assets, an asset class we are unlikely to recommend for our Funds. This has created both transitional debt capital mismatch and a large supply/demand imbalance in commercial mortgage lending.

Transitional mortgages are debt instruments made to commercial real estate (“CRE”) projects to finance short time frame (12 to 48 months) value creation. We believe they add value to and stabilize a real estate asset through its redevelopment, lease-up or other processes. We may originate, participate in the syndication of, or purchase transitional mortgages in the secondary market. Eligible Investments are specifically defined in the offering documents for each Fund and are investments likely to realize the return of capital and expected return on investment. Eligible Investments may include: (1) transitional mortgages, (2) equity investments in entities and financial instruments that hold transitional mortgages, and (3) senior forms of equity that function as transitional mortgages and which are “protected” by sufficient asset value and/or subordinated equity.

Our Secured strategy may also include also investments in medium-term Notes, again, generally, to fund CRE projects. As noted in Item 4, the predominant criteria for “secured” eligible investments is as follows: (i) geographic area will usually be within 70 miles of the top 20 US metropolitan markets (cities); (ii) in the case of a loan, the majority of the loans will be secured by a mortgage in either a first, second or third position and be non-recourse; (iii) some of the preferred equity positions will be secured by the common stockholders, developers, or partnership interests in the CRE project; (iv) inter-creditor agreements may be utilized; (v) many of these loans will not have prepayment penalties; (vi) the interest rates will vary from 5-16% depending on the jurisdiction and its permissible interest rates; (vii) the eligible investment or loan term will be in the range of 12-48 months, some with 12-24 month extension rights; (viii) some client assets may be allocated to the rehabilitation or renovation of a property and, as a result, many of the facilities will be non-cash flowing; in such situations, the Managers will secure other sources to meet repayment obligations; and (ix) the intended internal rate of returns (the “IRR”) to the investors will range between 9-14%.

The Opportunistic strategy focuses on identifying and investing in opportunistic and/or value-added CRE transactions. These eligible investments are traditionally mezzanine to equity tranches in high quality properties, chosen in part with the goal of diversification in type and by geographic markets. It is the intent of the Managers to fund such projects, working together with experienced venture partners with respect to acquisitions, restructurings and developments to identify those CRE Projects with significant upside opportunity to provide higher IRRs. For this strategy, the predominant criteria for the preferred equity or partnership positions in which the Managers will invest and the eligible investments that they will make, as described above, is as follows: (i) geographic area will predominantly be within 70 miles of the top 20 US metropolitan markets (cities); (ii) anticipated overall IRR in the range of 14-20%; and, (iii) the intended investment term will be in the range of 48-72 months. We intend that our Managers will invest client assets directly into “opportunistic” eligible investments or co-invest alongside other investors or affiliated programs. Our investments may take the form of co-investment structures including, without limitation, participation interests, syndication interests or joint-venture interests or any other investment structure.

In addition to the above described eligible investments for our strategies, the Managers may invest in hedging instruments, other debt and equity securities issued by the companies in which the Fund is invested, options, warrants, futures, forward contracts and other derivatives used primarily for cash management purposes. The Managers may also hold cash and cash equivalents, other short-term securities or money market funds, pending acquisition of eligible investments, to pay fees and expenses, and for cash management purposes.

More details about our investment strategies can be found in Item 4, above.

B. Material Risks

The material risks inherent in our Investment Portfolios are discussed in the offering documents for each Fund. Those offering documents should be reviewed carefully before making an investment in any of our Funds. We discuss some of the key risks below.

Investors May Experience a Partial or Total Loss of Capital; Investments with Higher Return Potential Will Also Have Higher Potential of Risk of Loss of Capital or Income.

Our Funds are intended for long-term investors who can accept the risks associated with investing in the Investments (as defined in the respective offering documents). The possibility of partial or total loss of investors’ capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of such loss. There is no assurance that any particular Investment Portfolio (as defined in the respective offering documents) will generate successful performance or that a positive return can be achieved. As a general rule, investors can expect that investments with higher return potential will also have higher potential of risk of loss of capital or income.

Lack of Diversification

The Manager may not be able to diversify the Investment Portfolio of a particular Fund. In addition, the Investment Portfolio may at certain times hold large positions in a relatively small number of Investments. As a result, an Investment Portfolio may be subject to significant losses

if the value of one or only a few Investments declines in value, and the losses could increase even further if the Investment cannot be serviced or sold without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

Illiquidity

The offering documents of each of our Funds contain restrictions on the transferability of the underlying Interests. No transfer of the underlying Interests, in whole or in part, may be made without first obtaining the written consent of the Manager, which consent may be withheld in its sole discretion.

Investors in our Funds will most likely be required to bear the economic risk of their investment for an indefinite period of time. There can be no assurances as to when a particular Investment Portfolio will (or will be able to) liquidate the Investments. Furthermore, a Fund may distribute securities (which may themselves have limited liquidity) rather than cash to certain investors, as specified in the offering documents for a particular Fund.

There is no market for the underlying Interests in our respective Funds and none is expected to develop. The underlying Interests have not been registered under the securities laws of any jurisdiction, including the United States and the states thereof, and cannot be sold or otherwise transferred by investors unless they are subsequently registered under applicable law or an exemption from registration is available.

Multiple Closings; Dilution of Interests

As described in the applicable offering documents, a Fund may admit new investors and may accept additional Capital Commitments from current investors following the Initial Closing Date. Additional Capital Commitments will dilute the underlying Interests of existing investors and may further have an adverse impact on the existing investors if future Investments underperform the prior Investments.

Use of Leverage

Although the Manager does not anticipate using leverage, it is not restricted from borrowing money or engaging in other forms of borrowing or leverage for any purpose, including for making Investments. This is discussed in Item 4, above. The amounts of leverage utilized by a Fund at any time is determined by the Manager, in its sole discretion, and depends on various considerations including, without limitation, the number of investment opportunities available, the Fund's access to borrowing facilities at attractive rates and terms, and the forecasted volatility of underlying assets, and may vary materially over time. As with any use of leverage, the Manager's decision to use leverage will tend to increase or decrease the value of a Fund's net assets at a greater rate than if no leverage were employed, and may increase the volatility of the Fund's performance and the risk of investment loss.

The Manager may incur leverage in a Fund by borrowing money from banks or other institutions. Such borrowing will increase the Fund's leverage and, therefore, will create similar risks attendant to purchasing securities on margin, including, without limitation, great potential loss of capital. A Fund will provide collateral to the entity from which it borrows by registering or pledging the

interests or assets of a Fund in the names of such entities or their nominees. This procedure exposes a Fund to the risk that for whatever reason, including, without limitation, the default, insolvency, negligence, misconduct or fraud of such banks, the Fund will not reacquire the ownership of such interests upon the repayment by the Fund of such loans. Also, the Fund will be unable to reacquire such interests if the Fund defaults on such loans. The Fund's failure or inability to reacquire such interests from the banks in whose name the interests are registered in support of a loan could entangle the Fund in protracted litigation and, potentially, result in the complete loss of such interests. While the Manager will cause the Fund to borrow money only from banks or other institutions it believes to be creditworthy, there can be no absolute certainty that such institutions will return such interests to the Fund upon the repayment of such loans.

In addition, in connection with any borrowing facility, a Fund may be required to pledge its interests in the Investments and other assets to the lender as collateral under such facility and to agree to certain covenants and other restrictions related to its activities. The terms of a borrowing facility may grant the lender the right to approve or deny investments by a particular Fund. As a result, it is possible that failure by the lender to approve an investment decision could adversely impact that Fund's ability to make investments.

Any use of leverage will incur expenses, which may include, without limitation, interest charges and commitment fees, which expenses could be significant. In addition, the rights of any lenders to receive payments of interest or repayments of principal will generally be senior to those of the investors in a Fund, and the terms of any such borrowings may restrict certain activities of such Fund, including its ability to make distributions.

Certain Other Investments

As provided in the offering documents of a particular Fund, we may include short sales transactions in our Investment Portfolio. In addition, if provided in the offering documents of a particular Fund, we have the right to trade in convertible securities and warrants, options, futures and various hedging transactions. Each of these categories of investments is generally subject to higher market and regulatory risks and volatility than other investment classes.

Allocation of Capital

The Manager will have significant flexibility in acquiring the Investments. Investors in any Fund will be unable to evaluate the manner in which the Investments are purchased or sold or the economic merit of the expected Investments.

The failure of the Manager to invest the Investment Portfolio effectively or find investments that meet the investment purpose as specified above in sufficient time or on acceptable terms could result in unfavorable returns and could cause a material adverse effect on investors of the particular Fund and its ability to make distributions to such Fund.

Dependence on the Manager and Its Personnel

Investors in our Funds have no right or power to take part in the management of any Fund. Accordingly, no investor should purchase the underlying Interests unless such investor is willing to entrust all aspects of the management of the Fund to the Manager. Unlike traditional investment

products, the Investments in our Funds are not subject to transparency requirements and there may be limited availability of pricing and valuation information.

The Manager is required to devote only the time and attention to the business of the particular Fund as the Manager in its sole discretion deems necessary or appropriate. Only a limited number of employees of a particular Manager (and none exclusively) will devote time to the particular Fund. In addition, there can be no assurance that current key investment professionals will continue to be associated with the Manager throughout the life of a particular Fund.

Indemnification

As more further described in the respective offering documents, a Fund will indemnify the Manager, persons controlling, controlled by or under common control with the Manager, and any of their respective directors, stockholders, partners, interest holders, officers, employees or controlling persons, jointly and severally, against any losses, claims, costs, damages or liabilities to which such person may become subject in connection with any matter arising out of or in connection with the Fund's business or affairs, subject to certain exceptions.

Reserves for Contingent Liabilities

The amount of any distributions to the investors in a particular Fund (including distributions upon the dissolution of such Fund) is subject to reserves or holdbacks that the Manager determines, in its sole discretion, are necessary or appropriate to satisfy claims (whether current, future, contingent, or speculative). Such reserved amounts remain at the risk of the activities of the particular Fund and will only become distributable when the Manager determines that such reserves are no longer needed or appropriate.

Loss on Liquidation and Termination

In the event of the termination of a particular Fund, the proceeds, if any, realized from the liquidation of assets allocable to the investors of such Fund will be distributed to the investors therein, but only after satisfaction of any claims or expenses. The ability of the investors in a particular Fund to participate in the proceeds, if any, therefrom will depend on the amount of funds so realized and the claims to be satisfied therefrom.

In-Kind Distributions

Although a Fund expects to distribute cash to the investors in a particular Fund, the Fund may make distributions in kind. In the event that distributions are made of property other than cash, the amount of any such distribution will be accounted for as provided in the offering documents for that particular Fund. Investments distributed in kind may not be readily marketable or saleable and may have to be held by such investors for an indefinite period of time.

Failure of Brokers and Counterparties

A particular Fund will be exposed to the credit risk of the counterparties with which, or the brokers and dealers through which, it deals. Under the terms of the particular Fund's arrangements with prime brokers or other parties that hold that particular Fund's assets and applicable law, a secured

party may be permitted to re-hypothecate such assets in connection with securities lending or other transactions entered into by the secured party. A particular Fund may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy or the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of that particular Fund.

In the case of a bankruptcy of any of the counterparties with which, or the brokers and dealers through which, the particular Fund deals, the particular Fund might not be able to recover any of its assets held, or amounts owed, by such person, even property specifically traceable to that a particular Fund, and, to the extent such assets or amounts are recoverable, the particular Fund might only be able to recover a portion of such amounts. Further, even if the particular Fund is able to recover a portion of such assets or amounts, such recovery could take a significant period of time. Prior to receiving the recoverable amount of the particular Fund's property, a particular Fund may be unable to trade any positions held by such person, or to transfer any positions and cash held by such person on behalf of the particular Fund. This could result in significant losses to the particular Fund.

Regulatory Environment and Changes in Applicable Law

A particular Fund must comply with various legal requirements, including requirements imposed by the U.S. federal and state securities laws and tax laws. The business freedom of the particular Fund, therefore, may be restricted with respect to its investments and exit strategies. Moreover, should any of those laws change over the term of the particular Fund, the legal requirements to which the particular Fund and its investors may be subject could differ materially from current requirements. For example, the regulatory environment for hedge funds generally is evolving, and changes in the direct or indirect regulation of hedge funds may adversely affect the ability of the particular Fund to pursue its investment strategy.

Past Results of Other Funds Managed by SB Advisors or its Affiliated Relying Advisers Are Not Indicative of Future Performance

The results of earlier investment funds, and other Series of Funds, formed or sponsored by SB Advisors or its Affiliated Relying Advisers and its other affiliates are not indicative of the results that a particular Fund's Investment Portfolio may achieve. Prospective investors should be aware of the possibility of partial or total loss of capital attributable to the particular Fund's Investment Portfolio. In addition, prospective investors should conduct their own research and investigation concerning an investment in any particular Fund sponsored by SB Advisors or its Affiliated Relying Advisers and the prospective Investments prior to making any investment decision.

Potential Conflicts of Interest

There are numerous perceived and actual conflicts of interest between the Manager and its affiliates, on the one hand, and the investors in a particular Fund, on the other. There may also be conflicts of interests associated with the particular Fund's retention of service providers. **There can be no assurance that the Manager will be able to resolve all conflicts in a manner that is favorable to the investors in a particular Fund. By acquiring Interests in a particular Fund, the investor acknowledges and represents that it has carefully reviewed the "POTENTIAL**

CONFLICTS OF INTEREST” section in the Offering Documents and understands and consents to the existence of potential conflicts of interest relating to the Manager and its affiliates including, without limitation, those described in that section, and to the operation of the particular Fund subject to these conflicts.

Equity Securities and Equity-Related Securities

A particular Fund may invest in equity and equity-related securities. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer’s securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer’s stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or consumer confidence, that are unrelated to the issuer itself or its industry. These factors and others can cause significant fluctuations in the prices of the securities in which a Fund invests and can result in significant losses.

Private Investments in Public Equities

From time to time, a Fund may make private investments in public equities in which such Fund would take a minority position in a public company. Such investments usually take the form of convertible preferred stock. To the extent that the public market for such companies declines, it is possible that private investments in public equities transactions may generate losses or returns that do not justify the risk associates with such investments.

Small Capitalization Companies

A particular Fund may invest in securities of small capitalization companies. Historically, such securities have been more volatile in price than those of larger capitalized, more established companies. The securities of small capitalization and recently organized companies pose greater investment risks because such companies may have limited product lines, distribution channels and financial and managerial resources. In particular, small capitalization companies may be operating at a loss or have significant variations in operating results; may be engaged in a rapidly changing business with products subject to substantial risk of obsolescence; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; and may have substantial borrowings or may otherwise have a weak financial condition. In addition, these companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. Further, there is often less publicly available information concerning such companies than for larger, more established businesses. The equity securities of small capitalization companies are often traded over-the-counter or on regional exchanges and may not be traded in the volumes typical on a national securities exchange. Consequently, a Fund may be required to dispose of such securities over a longer (and potentially less favorable) period of time than is required to dispose of securities of larger, more established companies. Investments in small capitalization companies may also be more difficult to value than other types of securities because

of the foregoing considerations as well as lower trading volumes. Additionally, transaction costs for these types of investments are often higher than those of larger capitalization companies.

Distressed Companies

A Fund may invest in securities and obligations of companies that are currently experiencing financial and/or operational distress (“Distressed Companies”), including but not limited to debt obligations that are in covenant or payment default. Such investments are considered speculative. Under such circumstances, the returns generated from any such investment may not compensate such investors of a Fund adequately for risks assumed. There is no assurance that a Fund will correctly evaluate the prospects for a successful restructuring or similar action.

Risks Associated with Bankruptcy Cases

Distressed Companies generally face an increased risk that they may be involved in bankruptcy proceedings. There are a number of significant risks when investing in companies involved in bankruptcy proceedings. First, many events in a bankruptcy are the product of contested matters and adversary proceedings that are beyond the control of the creditors. Second, a bankruptcy filing may have adverse and permanent effects on a company. For instance, the company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. Further, if the proceeding is converted to a liquidation, the liquidation value of the company may not equal the potential value of the company that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict and lengthy proceedings could adversely impact a creditor’s return on investment. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor’s estate prior to any return to creditors. Fifth, creditors can lose their ranking and priority if they exercise “domination and control” over a debtor and other creditors can demonstrate that they have been harmed by such actions, especially in the case of investments made prior to the commencement of bankruptcy proceedings. Sixth, certain claims, such as for taxes, may have priority by law over the claims of certain creditors. Seventh, a Fund may seek representation on creditors’ committees, and as a member of a creditor’s committee it may owe certain obligations generally to all creditors similarly situated that the committee represents and it may be subject to various trading or confidentiality restrictions.

Fraudulent Conveyance Considerations

A court, in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, may invalidate, in whole or in part, any such indebtedness and any security interest or other lien securing such investment as fraudulent conveyance. A court may also subordinate such indebtedness to existing or future creditors of the borrower or could order the recovery of amounts previously paid by the borrower (including a Fund) in satisfaction of such indebtedness or amounts representing proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In general, if payments on an investment are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as a Fund) or from subsequent transferees of such payments, including investors of a Fund.

Market and Credit Risks of Debt Securities

Debt securities may subject a Fund to credit and interest rate risks. “Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. Securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such security. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Bank Loans

A portion of a Fund’s investments may consist of interests in loans originated by banks and other financial institutions. The loans invested in by a Fund may be term loans and revolving loans, may pay interest at a fixed or floating rate and may be senior or subordinated. Purchasers of bank loans are predominantly commercial banks, investment funds, and investment banks. At present, the secondary market for such loans remains stagnant as the market continues to suffer from severe market dislocation prompted by the collapse of the subprime debt market. There can be no assurance, therefore, that the levels of supply and demand in bank loan trading will provide an adequate degree of liquidity. In addition, a Fund may make investments in stressed or distressed bank loans which are often less liquid than performing bank loans.

A Fund may acquire interest in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the borrower. In purchasing participations, Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and such Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Fund will assume the credit risk of both the borrower and the institution selling the participation.

Interest Rate, Currency Exchange and Investment Risk Management

Because a Fund may invest in equity securities or debt obligations denominated or quoted in currencies other than the U.S. dollar, changes in currency exchange rates may affect the value of a Fund’s investments and the unrealized appreciation or depreciation of investments. The Fund may seek to protect the value of its portfolio, and is authorized to use various investment strategies to hedge interest rate or currency exchange risks. Techniques and instruments may change over time as new instruments and strategies are developed or regulatory changes occur. The Fund may

use any or all types of hedging transactions at any time. No particular strategy will dictate the use of one transaction rather than another, as the choice of any hedging transaction will be a function of numerous variables including market conditions. The use of hedging transactions involves certain risks. These risks include (i) the possibility that the market will move in a manner or direction that would have resulted in a gain for the Fund had such transaction not been utilized, (ii) the risk of imperfect correlation between the risk sought to be hedged and the transaction, and (iii) potential illiquidity for the hedging instrument utilized, which may make it difficult for Fund to close-out or unwind a hedging transaction. There can be no assurance that any investment strategy undertaken to hedge interest rate or currency exchange risks will be successful.

Short Sale Transactions

A Fund may determine that it is prudent to engage in short sale transactions in the future, primarily for hedging purposes. Short sale transactions involve a high degree of risk. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. As a result, a Fund will engage in short sales only where it believes the value of a security will decline between the date of the sale and the date the Fund is required to return the borrowed security. The making of short sales exposes such Fund to the risk of liability for the market value of the security that is sold, an unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase. In addition, a Fund may take short positions in securities through various derivative products. These derivative products will typically expose a Fund to similar economic risks as if it had shorted the security directly.

Many jurisdictions have recently imposed restrictions and reporting requirements on short selling. In particular, in the fall of 2008, the SEC temporarily suspended short selling on stocks of over 950 publicly traded companies. These restrictions and reporting requirements may prevent a Fund from successfully implementing its investment strategies, including without limitation in connection with hedging its investments, and to achieving its investment objective. In addition, reporting requirements relating to short selling may provide transparency to a Fund's competitors as to its short positions, thereby having detrimental impact on such Investment Portfolio's returns.

Issuer Risks and Risk of Loss of Certain Investments

The issuers of securities acquired by a Fund will sometimes involve a high degree of business and financial risk. These companies may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition.

Issuers of securities acquired by a Fund may be highly leveraged. Leverage may have important adverse consequences to these companies and a Fund as an investor. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility

to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

In addition, such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

Short Term Trading

A Fund may engage in the short term trading of securities. The risks of short term trading include a high portfolio turnover rate involving larger brokerage commission expenses that must be borne directly by the Fund and ultimately by the investors of a Fund and will result in a corresponding economic benefit to the Fund's brokers.

Convertible Securities and Warrants

A Fund may invest in convertible securities and warrants. The value of convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information. With respect to warrants, their value may decrease or may be zero and thus not be exercised if the market price of the underlying securities remains lower than the specified price at which holders of warrants are entitled to buy such securities, resulting in a loss to a Fund of the purchase price of the warrant (or the embedded warrant price in the case of securities issued with warrants attached).

With respect to convertible securities, as with all fixed income securities, the market value of such securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stock in an issuer's capital structure and consequently entail less risk than the issuer's common stock. If a convertible security held by an Investment Portfolio is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

Options

Although options may be used as a hedge against changes in market conditions, trading in options may also be aggressive and speculative. Options transactions may be highly leveraged and gains and losses are therefore magnified. There could be adverse consequences to a Fund in options transactions, for example, if the Manager's prediction of movements in the direction of the securities markets is inaccurate. If a Fund were to write an uncovered option, such Fund would be subject to the risk of unlimited loss. A Fund may also invest in options arbitrage strategies that are designed to take advantage of the relationship between option prices and certain other

instruments and their underlying securities. A Fund's options arbitrage strategies typically involve the purchase of "undervalued options" as determined by the Manager. If the Manager's prediction with respect to the value of options purchased in this strategy is inaccurate, the Investment Portfolio could be subject to substantial losses.

Futures

A Fund may use futures as part of its Fund. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. It is also possible that an exchange or the U.S. Commodity Futures Trading Commission may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The above-described circumstances could prevent the Manager from liquidating unfavorable positions promptly and could subject an Investment Portfolio to substantial losses. This could also impair a Fund's ability to withdraw its investments in order to make distributions to a redeeming investor in a timely manner. As a result, the ability of a Fund to make distributions to a redeeming investor in such Fund in a timely manner may be impaired. An investment in a Fund is therefore suitable only for certain sophisticated investors that will not be materially impacted by postponements of a Fund's normal redemption dates.

The successful use of futures for speculative purposes is subject to the ability to predict correctly movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

Hedging Transactions

A Fund may or may not employ hedging techniques. These techniques could involve a variety of derivative transactions, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions (collectively, "Hedging Instruments"). Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of a Fund's positions. In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, a Fund may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of a Fund to hedge successfully will depend on the ability of the Manager to predict pertinent market movements, which cannot be assured.

Highly Volatile Markets

The prices of a Fund's investments can be highly volatile. Price movements of the assets in which a Fund may be invested may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. A Fund also is subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses.

Money Market and Other Liquid Instruments

A Fund may invest, for defensive purposes or otherwise, some or all of its assets in short term fixed-income obligations, money market instruments, and money market mutual funds, or hold cash or cash equivalents in such amounts as the Manager deems appropriate under the circumstances. Money market instruments are short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit, bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements.

A Fund may be prevented from achieving its objective during any period in which the Investment Portfolio's assets are not substantially invested in accordance with its principal investment strategy.

Securities Markets and Regulation

The markets for securities of some issuers have substantially less volume than the market for other securities. Even the markets for relatively widely traded securities may not be able to absorb, without price disruptions, a significant increase in trading volume or trades of a size customarily undertaken by institutional investors in the securities markets. Accordingly, these markets may be more susceptible to the adverse effects of events generally affecting the market, and by trades of significant blocks of securities, than is usual for similar securities of more diversified companies. The less liquid the market, the more difficult it may be for a Fund to accurately price its portfolio securities or to dispose of its securities at the times determined by the Manager to be appropriate. The risks associated with reduced liquidity may be particularly acute in situations in which a Fund's operations require cash, such as in order to meet redemption requests and to pay its expenses.

Operating Deficits

The expenses of operating a Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid out of the Fund's capital, reducing the Fund's investments and potential for profitability.

Distributions

Cash that might otherwise be available for distribution will be reduced by payment of a Fund obligations and expenses (including fees payable and expense reimbursements to any Managers) and establishment of appropriate reserves. As a result, if a Fund is profitable, investors in such Funds in all likelihood will be credited with net income, and will incur the consequent income tax liability (to the extent that they are subject to income tax), even though such investors receive little or no distributions (except as otherwise provided herein).

Investment Expenses

Because of the bespoke nature of our Investments, the investment expenses, as well as other fees related to origination of an Investment, may, in the aggregate, constitute a high percentage relative to other investment entities. A Fund will bear these costs regardless of its profitability.

Broad Discretionary Power to Choose Investments and Strategies

The Manager has broad discretionary power to decide what investments a Fund will make and what strategies it will use. While the Manager currently intends to use the strategies described in the Fund's offering documents, it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable.

No Minimum Size of Company

A Fund may continue operations without maintaining any particular level of capitalization. At low asset levels, the Fund may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale. It is possible that even if the Fund operates for a period with substantial capital, investors' withdrawals could diminish the Fund's assets to a level that does not permit the most efficient and effective implementation of the Fund. As a result of losses or withdrawals, the Fund may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Manager.

General Risks of Mortgage Loans

A Fund may be subject to the risks inherent in making mortgage loans, including, without limitation, (a) the borrower may default, requiring that a Fund foreclose on the underlying property to protect the value of its mortgage loan, (b) the borrower may not be able to make a lump sum principal payment due under a mortgage loan at the end of the loan term, unless it can refinance the mortgage loan, or (c) if interest rates are volatile during the loan period, such Fund's variable-rate mortgage loans could have lower yields. Since a Fund's mortgage loans are sometimes non-recourse, it must rely solely on the value of a property for its security. In addition, mezzanine loans will be subject to the prior rights of mortgage holders and creditors of the corporate entity owning the applicable property. Second, other subordinate and wraparound mortgages will be subject to the prior rights of first mortgage holders. Generally, the larger the mortgage loan compared to the value of the property securing it, the greater the loan's risk. Upon default and following foreclosure, a Fund may not be able to sell the property for its estimated or appraised value. Also, certain liens on the property, such as first mortgages, taxes and contractor or mechanic's or tax liens, may have priority over the Fund's security interest. A Fund may be

required to pay the holders of such liens in full or in part to protect its security interest and investment. A Fund's mortgage loan investments will usually be subject to the risk that the borrower repays the loan prior to its scheduled maturity. A Fund will generally structure its loans with prepayment penalties to try to protect its returns. Prepayments will change its return because a Fund may be unable to reinvest the proceeds at as high an interest rate as the original mortgage loan rate. The interest rate a Fund charges on mortgage loans could inadvertently violate state usury laws that limit rates. In any such event, a Fund could incur penalties or may not be able to enforce payment of the loan. Further, a Fund will be subject to rules and regulations of various governmental authorities which may impose restrictions and financial burdens on a Fund's ownership and operations that are not currently envisioned but which may negatively impact its return on investment.

Lower Credit Quality Loans

There are no restrictions on the credit quality of a Fund's loans. Loans arranged by a Fund may be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain of the loans which a Fund may fund have large uncertainties or major risk exposures to adverse conditions, and may be considered to be predominantly speculative. Generally, such loans offer a higher return potential than better quality loans, but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.

Real Estate Industry Considerations

A Fund may make loans collateralized by real estate and could become the owner of real estate in the event of a foreclosure. Therefore, an investment in a Fund is subject to certain 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 on 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 future terrorist attacks; (xiii) limitations on and variations in rents; and (xiv) changes in interest rates. To the extent that a Fund's investments, or the assets underlying or collateralizing such investments, are concentrated geographically, by property type or in certain other respects, such Fund may be subject to certain of the foregoing risks to a greater extent.

Real Estate Risk

The value of the real estate which underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from liquidation. In addition, 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. Furthermore, the properties which will secure loans originated or purchased by a Fund

may be suffering varying degrees of financial distress or may be located in economically distressed areas. 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. However, even if such restructuring were successfully accomplished, a risk exists that upon maturity of such mortgage loan, replacement “take-out” financing will not be available.

Although loans are typically structured to avoid formal real estate foreclosure proceedings, it is possible that a Fund may find it necessary or desirable to foreclose on certain loans. The foreclosure process is often lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses against such Fund, including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force the lender into a modification of the loan or a favorable buy-out of the borrower’s position. In some states, foreclosure actions can sometimes take several years or more to litigate. At any time prior to or during the foreclosure proceedings the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. 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.

Participations

A Fund may participate in a loan originated by a third-party lender. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that the third party may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the Fund’s investment objectives. In addition, a Fund may be liable for actions of its co-lenders. When a Fund engages in such indirect investments, fees may be payable to such third parties by the Fund, in addition to the fees already payable to the Managers by the Fund.

Concentration of Investments; Possible Lack of Diversification

The Manager may contemplate a focused investment portfolio which, in light of investment considerations, market risks and other factors, it believes will provide the best opportunity for attractive risk-adjusted returns in the value of a Fund’s assets. A Fund intends to create a diversified mortgage and mezzanine loan portfolio secured by properties located within the continental United States; however, the Manager does not subject the portfolio to any formal policies regarding diversification with respect to particular borrowers, geographic regions, property types or otherwise, and there can be no assurance as to the degree of diversification that will actually be achieved. The concentration of the Fund’s portfolio would subject the Fund to a greater degree of risk with respect to the failure of one or a few investments, or with respect to economic downturns in relation to an individual industry or region. If a Fund makes an investment in a single transaction with the intent of refinancing or selling a portion of the investment, there is a risk that the Fund will be unable to successfully complete such a financing or sale. This could lead to increased risk as a result of the Fund having an unintended long-term investment and reduced diversification. The ability of a Fund to diversify its investments and its profitability could

be adversely affected by the amount of capital at its disposal. In addition, diversity will largely depend upon whether suitable investments are available at all.

Fund's Investment Activities

Any particular Fund's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by a Fund. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism or war) which may affect investments in general or specific types or regions. As a result of the nature of a Fund's investing activities, it is possible that its financial performance may fluctuate substantially from period to period.

Absence of Statutory Registration and Regulatory Oversight

No Fund is and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "1940 Act") in reliance upon an exemption available to privately offered investment companies and accordingly, the provisions of the 1940 Act intended to provide various protections to investors (which, among other things, require investment companies to have a majority of disinterested directors, provide limitations on leverage, limit transactions between investment companies and their affiliates, require securities held in custody to be individually segregated at all times from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) are not applicable. At any given time, a substantial portion of any Fund's securities and other assets may be maintained with brokerage firms which do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act of 1970, as amended, the bankruptcy or failure of any such brokerage firm is likely to have a greater adverse impact on a Fund than would be the case if custody of such securities and other assets were maintained in accordance with the requirements applicable to registered investment companies. There is also the risk that a custodian could convert to its own use assets committed to it by a Fund.

Furthermore, because the offering and sale of Interests to "accredited investors" will be exempt from registration under the 1933 Act pursuant to Regulation D promulgated thereunder, and such Interests may be purchased only by persons who are "qualified purchasers" as defined in the 1940 Act, the offering documents will not be filed with or reviewed by the SEC, the U.S. Commodity Futures Trading Commission or any other U.S. regulatory authority.

State and Local Regulation

A Fund may be subject to the separate regulations pertaining to commercial private lenders, specific property types or specific types of borrowers in each particular state, county or municipality. A Fund may fail to comply with all of such regulations, or may incur significant costs in complying with such regulations.

Loan Documents

There may be unfavorable changes to bankruptcy law, or to state law or judicial interpretation of loan documents regarding the priority and enforceability of liens on commercial real estate or guaranties or collateral securing mortgage loans. Further, the enforceability of loan documents is subject to and may be limited by bankruptcy courts or federal bankruptcy legislation or other statutes affecting the rights of creditors generally.

Usury Laws

Although a Fund intends for the loans to be fully compliant with law, the terms of the loans may be determined by a court to be usurious.

No Obligation of Full-Time Service

None of the Managers or any of their key personnel has any obligation to devote its full time to the business of a particular Fund. Each is only required to devote such time and attention to the affairs of a particular Fund as it decides is appropriate, and it may engage in other activities or ventures, including competing ventures and/or unrelated employment, which result in various conflicts of interest between it and the particular Fund.

Advisory Services to Others

In addition to managing investments of any particular Fund, the Manager, its key personnel and its respective affiliates may provide investment management services to other persons, including other private investment funds that may or may not employ a Fund and strategy substantially similar to that used by a Fund (“Affiliated Funds”). The investments made by Affiliated Funds or other client accounts that may be managed by the Manager or its principals or affiliates in the future may compete with investments for a Fund’s account, and the Manager or its principals or affiliates may decide to invest the funds of these accounts or clients rather than the assets of a Fund in a particular investment or strategy. In addition, the Manager and/or such other persons will determine the allocation of funds from a Fund and such other accounts and clients to investment strategies and techniques on whatever basis they decide is appropriate. The records of these accounts and clients will not be made available to investors of a Fund. In general, the diversity of a Fund’s mortgage portfolio will largely depend upon whether suitable investments are available and the amount of funds the Fund has available for investment. In the event that certain loans, instruments and other assets are suitable for acquisition by a Fund and by other accounts managed by the Manager or its principals or affiliates, and the Manager or such other persons are not able to acquire the desired aggregate amount of such loans, instruments and other assets on terms and conditions which they deem advisable, the Manager and such persons will endeavor in good faith to allocate the limited amount of such investment opportunities among the various accounts for which they consider to be suitable, on whatever basis they consider appropriate or desirable in their sole and absolute discretion.

Diverse Investors

The investors may include taxable and tax-exempt entities and persons or entities resident of or organized in various jurisdictions. As a result, conflicts of interest may arise in connection with

decisions made by a Manager that may be more beneficial for one type of investor than for another. In making such decisions, such Manager intends to consider the investment objectives of the Fund as a whole, not the investment objectives of any investor individually.

Personal Investments by the Managers and Affiliates

The Manager and its principals and affiliates may make investments for their own accounts. In these accounts, any such person may use investment methods that are similar to, or substantially different from, the methods used by them to direct the Fund's account. The records of these personal accounts will not be made available to investors.

Valuation of Assets

The Manager will determine the net asset value of a Fund and the investors' capital accounts in accordance with GAAP consistently applied (except as otherwise provided in the offering documents, governing agreement or other similar agreement). Although loans will generally be valued at 100% of the unpaid balance thereof, the Manager has a certain level of discretion over how the Fund's assets are valued. The Manager has a conflict of interest in that the Manager will receive a higher Management Fee, if the assets are given a favorable valuation.

C. Recommendation of a Particular Type of Security

Our Secured Funds focus on short-term Notes generally referred to as "transitional mortgages." The nature of this series of Fund and potential risks are discussed above and in Item 4, above.

Our Opportunistic Funds seek a higher IRR for investors by investing in securities that are dependent on the success of a project. Other investors, including other of our Funds, may have priority in recovery over our Opportunistic Funds. The nature of this series of Funds and potential risks are discussed above and in Item 4, above.

Item 9 - Disciplinary Information

None.

Item 10 - Other Financial Industry Activities and Affiliations

Richard H. Singer is a Manager and co-founder of SB Advisors and serves as its CEO. Mr. Singer is also the Managing Member of PARE US, the exclusive managing principal (with co-investment rights) to one of the largest institutional investment firms in the world. His background and experience are detailed in the “Principal Owners” section of Item 4, above.

David F. Filler, Esq. is a Manager and co-founder of SB Advisors and serves as its COO and CLO. He is also a partner and founder of Filler Rodriguez, LLP, a law firm based in Miami, FL. His background and experience are detailed in the “Principal Owners” section of Item 4, above.

Steven Richman is the CFO of SB. Mr. Richman is also the senior managing director of the Eastbridge Group, a firm that is engaged in a broad range of real estate related activities, including principal investment, investment and asset management and consulting services. His background and experience are detailed in the “Principal Owners” section of Item 4, above.

We are affiliate of a SEC- and FINRA-registered broker-dealer, Osprey Partners LLC (“Osprey”). Our business relationship with Osprey is discussed in Items 4 and 12. Richard Crockett, our Chief Compliance Officer (“CCO”), is also registered with, and the CCO of, Osprey.

We contemplate a Series of Investment Programs, each of which will be affiliated with us and our affiliated relying advisers and the individuals and entities discussed above.

How we handle the potential conflicts of interest is discussed in Items 5 and 8, above, and Item 11, below.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

SB Advisors has adopted a Code of Ethics (the “Code”) covering its access and supervised persons, which sets forth SB Advisors’ high standard of business conduct and fiduciary duties to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. SB Advisors has elected to treat all supervised persons as access persons. All of SB Advisors’ access persons must review and acknowledge the terms of the Code annually, or as amended. All of SB Advisors’ employees and persons associated with us, including our relying advisers, are required to follow SB Advisors’ Code. Subject to satisfying this policy and applicable laws, officers, directors and employees of SB Advisors, its affiliated relying advisers and its other affiliates may trade for their own accounts in securities which are recommended to and/or purchased for SB Advisors’ clients.

The Code is designed to prevent conflicts of interest between SB Advisors and its clients. The Code requires that the personal securities transactions, activities, and interests of our employees do not interfere with our making of and implementing investment decisions in the best interests of our advisory clients, while, simultaneously, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of SB Advisors’ clients. In addition, the Code requires pre-clearance of certain transactions that will have a direct or indirect impact on the business of our Investment Programs. Employee trading is monitored as necessary under the Code.

Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. The policies with respect to employee trading in our Code are reasonably designed to prevent conflicts of interest between SB Advisors, its affiliated relying advisers and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with SB Advisors’ obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs on a pro rata basis and receive securities at a total average price. SB Advisors will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order.

Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Principal Transactions and Cross Trades

Principal trades or transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated entity, buys any security from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

SB Advisors anticipates that, in appropriate circumstances and consistent with clients' investment objectives, it will cause accounts over which SB Advisors has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which SB Advisors, its affiliated relying advisers and/or its other affiliates and/or clients, directly or indirectly, have a position of interest (such transactions, "Principal Trades"). Notwithstanding the foregoing, SB Advisors will only engage in Principal Trades where the transaction was made as an accommodation to the clients, and not for the profit of the affiliate. For instance, to avoid losing an investment opportunity due to timing of funding, an affiliate may acquire an Investment for the benefit of clients while the Manager is aggregating the funds required to purchase the Investment, and then transfer the Investment to the clients when the clients' funds have been obtained; in such cases, the Investment would be sold to the clients at cost plus three (3%) percent per annum interest on the affiliate's out of pocket investment.

A particular Investment Program may buy securities from and sell securities to the Manager or its affiliates acting as principal, and a particular Investment Program may buy securities from and sell securities to the accounts of other clients of the Manager or its affiliates. See Principal Trades above. By virtue of entering into the Subscription Agreement, the investor consents to a particular Investment Program entering into principal transactions and cross trades to the fullest extent permitted under applicable law. The Manager will only consider causing the particular Investment Program to engage in a principal transaction or cross trade to the extent permitted by applicable law and in compliance with Section 206(3) of the Advisers Act and the exemptions available under Rule 206(3) and its related interpretations, including, if required or appropriate, the making of appropriate disclosure to and receipt of consent from that Investment Program's members.

On any issue involving actual conflicts of interest, the Manager will be guided by its good faith judgment as to the best interests of the investors in the particular Investment Program. In the event that any matter arises that the Manager determines in its good faith judgment to constitute an actual

conflict of interest between the particular Investment Program, on one hand, and the Manager or its affiliates on the other, or as between the particular Investment Program and its investors, the Manager may take such actions as may be necessary or appropriate to ameliorate the conflict. These actions may include disposing of the security held by the particular Investment Program giving rise to the conflict of interest.

SB Advisors' clients or prospective clients may request a copy of the firm's Code by contacting Richard Crockett at 646-878-9578 or rcrockett@sbstrate.com.

Item 12 - Brokerage Practices

Each Manager may select such custodians and/or prime brokers on behalf of the varying Interests in an Investment Programs as are determined by the Manager in its sole discretion (which may include the Administrator or affiliates thereof or affiliates of the Manager), and which may change from time to time without notice to the investors. Such services will be provided in exchange for such fees and on such other terms as are negotiated by each Manager, on behalf of an Investment Program, and the applicable service provider(s). The selection of prime brokers, custodians, banks, counterparties, and other service providers retained on behalf of or providing services to a particular Investment Program and the determination as to their suitability remains the responsibility of the Manager.

The assets of each Series in our Investment Programs will be held and accounted for separately from the assets of any other Series. The Manager and the Advisor will not commingle the assets of one Series with the assets of any other Series.

Some of our trades may be handled through our affiliated broker-dealer, Osprey, a SEC- and FINRA-registered broker-dealer, when consistent with SB Advisors' obligation of best execution. We may also aggregate trade orders in one security for multiple clients into one trade order with a broker, including Osprey, to gain efficiencies and cost savings for our clients. When orders are aggregated for multiple clients, the Investment Program accounts will share commission costs pro rata in accordance with their volume and receive securities at an average price. SB Advisors will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated trade order. Completed trade orders will be allocated as specified in the initial trade order. Partially filled trade orders will be allocated on a pro rata basis. Any exceptions will be explained on the trade order. We recognize that this practice may not always result in the most favorable execution of a particular trade order, but given the highly specialized nature of our Investments, we believe that in certain cases using our affiliated broker-dealer, and aggregating trade orders, will result in favorable executions for our Investment Programs over the long run.

We do not use research and other soft dollar benefits in our business.

Item 13 - Review of Accounts

We provide advisory services to proprietary Funds, separate accounts and stand-alone investments (collectively, the “Investment Programs”) comprised of diversified pools of real estate-backed loans, and other short- and medium-term notes, as well as investments in entities and securities with similar risk and asset profiles. Periodic reports are provided to our investors for tax and other purposes. SB Advisors provides specific capital account statements to a substantial majority of the investors in our Investment Programs.

Integrated Investment Solutions, LLC, a New Jersey limited liability company, will serve as the administrator (the “Administrator”) of our Investment Programs. The Manager may replace the Administrator or retain another party to provide administrative services in its sole discretion. Under the administration agreement between our Investment Programs and the Administrator (the “Administration Agreement”), the Administrator will perform all general administrative tasks for a particular Investment Program, including registrar, transfer agency, accounting, NAV calculation and other administrative services, and is permitted to delegate any or all of its duties to a reputable agent. The Administrator will receive fees from our Investment Programs based upon the nature and extent of the services provided by the Administrator to that particular Investment Program. Other details concerning the Administration Agreement are contained in the offering documents of the particular Investment Program.

The selection of prime brokers, custodians, valuation firms, banks, counterparties, auditors, lawyers and other service providers retained on behalf of or providing services to our Investment Programs and the determination as to their suitability remains the responsibility of the Manager. The Administrator has no duty or responsibility to review the performance of these service providers, or to perform any due diligence thereon. The Administrator accepts no liability in the event that a particular Investment Program or any investor incurs any loss or liability arising as a result of the appointment or retention by a particular Investment Program of any other service provider.

In performing its contractual duties, the Administrator will rely on statements of holdings and pricing information, including estimates, issued by prime brokers, custodians, banks, counterparties or other persons retained on behalf of or providing services to a particular Investment Program. Investors in each Investment Program have accepted and acknowledged that the Administrator has no duty or responsibility to investigate these statements or to verify the content thereof and that the Administrator will not make independent judgments on the contents of such statements. A particular Investment Program may invest in securities, positions or instruments held or custodied with entities that are affiliated with that particular Investment Program or the Manager. Statements of holdings, and valuations of such holdings, may therefore not be issued by independent parties. The Administrator accepts no liability for

any loss or liability incurred by a particular Investment Program as a result of such investments or reliance on information provided by its counterparties or other persons. In accordance with our offering documents, investors have agreed that in the event the Administrator suffers loss or liability as a result of reliance on statements issued by or on behalf of prime brokers, custodians, banks or counterparties retained on behalf of or providing services to a particular Investment Program, it will indemnify the Administrator against all such loss or liability.

Item 14 - Client Referrals and Other Compensation

From time-to-time, SB Advisors will enter into placement agent agreements with broker-dealers to introduce potential investors to our Investment Programs. This may also include referrals from our affiliated broker-dealer, Osprey. All such arrangements will fully comply with the requirements of Rule 206(4)-3 of the Advisers Act and related SEC staff interpretations.

SB Advisors does not differentiate among investors in providing investment advisory services to our Investment Programs based on how or from what source any investor became an investor in our Investment Programs. When an investor introduced to SB Advisors by a placement agent commits to invest in our Investment Programs, such investor is treated in the same manner as other investors in that Investment Program. Thus, no conflicts of interest arise as a result of any such arrangements.

Item 15 - Custody

In connection with the management of investments for the Funds, SB Advisors or an affiliate may have, or may be deemed to have, custody of certain monies and/or securities of the Funds. Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) imposes specific conditions on SB Advisors as a registered investment advisor with respect to those monies and/or securities that are held by the Funds. We adhere to the applicable requirements of the Custody Rule with respect to each Fund for which we or an affiliate serves as a managing member. All Fund monies and/or securities that fall under the purview of the Custody Rule are held with at least one qualified custodian to the extent required by the Custody Rule.

In fulfilling our responsibilities under the Custody Rule, we may have our qualified custodian(s) send account statements, on at least a quarterly basis, to the Fund investors. Alternatively, we may rely on the “Annual Audit Exception” of the Advisers Act to meet our obligations to our investors (or beneficial owners) with respect to the Custody Rule. In the latter scenario, we would obtain an audited financial statement annually, conducted by an independent accounting firm registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and prepared in accordance with GAAP. Thereafter, we would deliver the audited financial statement to each Fund’s underlying investors (or beneficial owners) within 120 days of that Fund’s fiscal year-end. We encourage such investors to review these statements carefully.

Item 16 - Investment Discretion

SB Advisors is provided with discretionary authority from our investors at the outset of our advisory relationship through the various offering documents we use to document our relationships. These offering documents set forth the stated investment objectives for the Investment Program in which the investor is investing. Our exercise of discretion comports with the investment guidelines and restrictions stated in those offering documents.

The Manager has developed policies and procedures for the allocation of investment opportunities and decisions to make purchases and sales among our Investment Programs, and other accounts in a manner that it considers, in its sole discretion, to be reasonable and equitable over time. The allocation of opportunities by the Manager and its affiliates among affiliated entities has been, and will be, made in good faith in accordance with each Investment Program's policies regarding the allocation of opportunities and without regard to the compensation of the Manager or its affiliates.

Item 17 - Voting Client Securities

Our offering documents set forth the issues on which investors may vote, or vote through duly executed, written proxies. Most of the investments in our Investment Portfolios do not provide for voting rights of any kind.

Item 18 - Financial Information

N/A.