

**CROW HOLDINGS CAPITAL**

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**This brochure provides information about the qualifications and business practices of Crow Holdings Capital. If you have any questions about the information contained in this brochure, please contact us at (214) 661-8000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.**

**This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering and governing documents that contain the material terms relating to such investments, products or services.**

**Additional information about Crow Holdings Capital also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

March 30, 2020

## ITEM 2: MATERIAL CHANGES

The date of the last annual updating amendment to our firm brochure was March 28, 2019. A summary of certain of the material changes made to our firm brochure since the date of the last annual updating amendment is set forth below:

- Effective November 1, 2019, the investment advisory business of Crow Holdings Capital – Investment Partners (CHC-IP), was spun out to create CH Investment Partners, L.L.C. Though Crow Family Holdings ultimately maintains a minority, non-controlling ownership interest in CH Investment Partners, L.L.C., it is not involved in the day-to-day operations of CH Investment Partners, L.L.C. As a result of this transaction, all disclosures and information regarding the investment advisory business of CHC-IP have been removed from our firm brochure. We made various other material changes or revisions to our firm brochure as a result of the effectiveness of the spin-out transaction.
- We provide and may in the future provide or perform non-advisory and other services for and with respect to various entities and persons who are not advisory clients. **See Item 4.**
- Certain of our employees and employees of related persons or affiliates are or may be subject to or eligible for different, lower or no management fees and carried interests in connection with direct or indirect investments in a Fund (including indirect investments in a Fund through an employee feeder vehicle). **See Item 5.**
- As a result of the spin-out transaction and the disclosures set forth in the fund documents of various recently launched Funds, we made various changes, revisions, updates and additions to the disclosures set forth under “Other Fees and Expenses” in Item 5.
- We added various additional and revised disclosures regarding conflicts of interest, allocation of investment opportunities and allocation of co-investment opportunities to Item 6.
- A Fund and/or any subsidiary of such Fund may enter into a credit facility in furtherance of such Fund’s business, subject to the terms and conditions set forth in the applicable governing and offering documents of such Fund. **See Item 8.**
- We made various changes, updates and additions to the risk factor disclosures set forth in Item 8.
- We revised and added new disclosures regarding our material relationships and transactions with certain affiliated entities or related persons including Crow Holdings Office and conflicts of interest related thereto. **See Item 10.**
- Service providers for a Fund and joint venture partners may be service providers and joint venture partners to other Funds, successor funds, us and/or our affiliates. **See Item 10.**
- Neither we nor any of our management persons currently are registered, or have an application pending to register, with the CFTC as a commodity pool operator or commodity trading advisor. We de-registered as a commodity pool operator and commodity trading advisor with the CFTC in 2019 as a result of the spin-out transaction. **See Item 10.**
- We made various revisions and additions to the disclosures set forth under “Other Activities and Affiliations” in Item 10.
- As a result of the spin-out transaction, we substantially revised the disclosures set forth under “Participation or Interest in Client Transactions”, “Cross and Principal Transactions”, “Valuations”, and “Co-Investment Opportunities” in Item 11.

- As a result of the spin-out transaction, the investment strategies we employ for the Funds do not generally involve securities transactions that require the use of a broker or other counterparty. As a result, we made various revisions to the disclosures set forth in Item 12. We made various other revisions and updates to Item 12 as a result of the spin-out transaction including, without limitation, revisions to the disclosures regarding how we allocate investment opportunities. **See Item 12.**
- In light of the spin-out transaction, each of the Funds invests indirectly in real estate and real estate related assets, and we generally do not provide investment advisory services with respect to publicly traded securities or other securities that would require us to vote proxies on behalf of clients. **See Item 17.**

*The information set forth in this brochure is qualified in its entirety by the applicable offering materials and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and offering documents, such documents shall control.*

***We encourage all clients and investors to carefully review this document and/or any other applicable disclosure documents in their entirety.***

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## ITEM 4: ADVISORY BUSINESS

### FIRM DESCRIPTION AND OVERVIEW

Crow Holdings Capital Partners, L.L.C. (“CHC” or “we,” “us,” or “our”) provides investment management, advisory, administrative and other services to affiliated real estate pooled investment vehicles. We began providing these services in 2011. Our services are provided in accordance with the investment objectives, strategies, guidelines, restrictions and limitations contained in the applicable offering and governing documents, and the information in this brochure is qualified in its entirety by the information set forth in such documents.

We provide and may in the future provide or perform non-advisory and other services (including non-advisory asset management services) for and with respect to various entities, accounts and persons who are not our advisory clients.

### PRINCIPAL OWNERS

We are ultimately owned, indirectly through intermediate subsidiaries, by Crow Family Holdings (as defined below) and certain of our senior employees. As used herein, “Crow Family Holdings” means (i) Crow Family, Inc., a Texas corporation, Crow Holdings, L.P., a Delaware limited partnership, or any successors thereto and (ii) entities owned and controlled by any two or more of the Harlan R. Crow Family Branch Partnership, L.P., the Trammell S. Crow Family Branch Partnership, L.P. and the Stuart M. Crow Family Branch Partnership, L.P. While Crow Family Holdings owns a majority of our equity interests, it is a passive owner and is not involved in our day-to-day management and operations. **See Item 10.**

### TYPES OF ADVISORY SERVICES

We provide investment management, advisory, administrative and other services to affiliated private pooled investment vehicles (“Funds”) with respect to investments in real estate and real estate related assets and interests, including warehouses (including self-storage buildings), retail centers, retail convenience store and gas station assets, multi-family housing (including senior-living housing, student housing and rental and for-sale housing), office buildings, hotels, medical office buildings and hospitals, manufactured housing, car washes, land, single family residential lot development and debt secured, directly or indirectly, thereby, and private real estate operating companies. We and the affiliated general partners of the Funds (the “General Partners” and each a “General Partner”) are responsible for investing the assets of each Fund in accordance with the investment objectives, policies, limitations and guidelines set forth in its offering and governing documents. Information about each Fund is set forth in its offering memorandum. **See Item 8 below.**

We may in the future provide investment management, advisory and/or other services to other clients or persons. As the context otherwise requires, any reference in this brochure to the Funds also includes any separately managed accounts or other types of clients managed and/or advised by us, as and to the extent applicable.

### INVESTMENT RESTRICTIONS

We provide investment management, advisory, administrative and other services to each Fund in accordance with the investment objectives, policies, guidelines and limitations set forth in the applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor in that Fund. Investors generally are not permitted to impose restrictions or limitations on the management of the Funds. Notwithstanding the foregoing, the General

Partners have entered into and may in the future enter into side letter agreements or similar arrangements with certain investors in the Funds that have the effect of establishing rights under, or altering, modifying, waiving or supplementing the terms of, the governing documents of such Funds in respect of such applicable investors. Among other things, these side letter agreements entitle or may entitle an investor in a Fund to lower fees or preferential economic terms, expanded or additional information or transparency rights, most favored nations status, excuse rights with respect to certain investments, notification rights, rights or terms necessary or advisable in light of particular legal, regulatory or public policy considerations of or related to an investor and/or other preferential rights and terms.

Interests in the Funds are privately offered only to eligible investors pursuant to exemptions under the Securities Act of 1933, as amended, and the regulations promulgated thereunder. Such Funds are not registered with the SEC as investment companies based on specific exclusions from the definition of investment company under the Investment Company Act of 1940, as amended.

## **REGULATORY ASSETS UNDER MANAGEMENT**

As of December 31, 2019, we had approximately \$9,931,935,000 in regulatory assets under management, all of which were managed on a discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### **FEE SCHEDULES**

The fees and expenses applicable to or required to be borne by each Fund are set forth in detail in the applicable offering and governing documents. A brief summary of such fees and expenses is set forth below.

Subject to the terms and conditions set forth in the applicable governing documents, we generally receive a management fee, payable quarterly in advance, from each Fund in an amount equal to:

- during the investment period, between 0.3125% (1.25% per annum) and 0.375% (1.5% per annum) of each limited partner's aggregate capital commitment with respect to the Fund as a whole or a pool of assets in such Fund; and
- after the investment period (or after the date on which we are entitled to receive a management fee in respect of a successor fund, if applicable), between 0.3125% (1.25% per annum) and 0.375% (1.5% per annum) of each limited partner's invested capital in respect of investments (or a portion of such investments) that have not been the subject of a complete or partial disposition.

Subject to the terms and conditions set forth in the applicable governing documents, the Funds generally are subject to a carried interest or incentive compensation equal to 20% of profits on distributions derived from the disposition of investments (following the return of contributed capital and a preferred rate of return of 9% on unreturned capital contributions to the investors).

While management fees and/or carried interest distributions with respect to the Funds and each investor are not generally negotiable, a General Partner or Fund may enter into side letters or similar arrangements that reduce or change fees in certain circumstances in accordance with the terms set forth in the applicable offering and governing documents of each Fund.

Moreover, with respect to certain Funds, (i) investors who make large commitments receive a reduction in the management fee percentage applicable to such investors, (ii) investors who make commitments to a Fund early in the fundraising process (such as at the initial closing or prior to a certain date) receive a reduction in the management fee percentage applicable to such investors or fee “holidays” or breaks for a certain period of time, and (iii) certain investors who made commitments to a predecessor fund of a Fund receive a reduction in the management fee percentage applicable to such investors in connection with investments in such Fund. With respect to Crow Holdings Build-to-Hold Fund, L.P. (the “BTH Fund”), investors participating in the first development pool generally bear lower management fees and pay lower incentive compensation than limited partners admitted thereafter in subsequent development pools.

Additionally, (A) certain of our employees and employees of related persons or affiliates are or may be subject to or eligible for different, lower or no management fees and carried interests or incentive compensation in connection with direct or indirect investments in a Fund (including indirect investments in a Fund through an employee investment vehicle established by one of our affiliates) and (B) certain of our related persons and affiliates receive or are eligible for management fee discounts in connection with investments in a Fund.

Fund documents may provide for reduced carried interest in rare circumstances (as set forth in the applicable governing and offering documents).

#### **DEDUCTION OF MANAGEMENT FEES**

Management fees may be funded with capital contributions called from investors, through withholdings from distributions, or from a line of credit carried by such funds, consistent with each Fund’s governing agreements. Capital contributed by partners to pay the management fee generally will not be credited against or reduce their unfunded commitments and such amounts will be in addition to the capital commitments of partners.

#### **OTHER FEES AND EXPENSES**

##### General

We and our personnel and affiliates can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will not be subject to any management fee offset or otherwise shared with the Funds and/or their investors. For example, airline travel or hotel stays incurred as Fund expenses typically result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to us and/or such personnel and affiliates (and not the Funds and/or investors) even though the cost of the underlying service is borne by Funds.

##### Joint Venture Fees

The Funds form or may form joint ventures with third-parties to acquire investments. In order to offset increased costs associated with any such joint venture, our affiliates receive or may receive fees from such third-parties where such affiliates function as the manager of any such joint venture. Subject to certain conditions, a partner in a joint venture with a Fund (or an underlying property or venture owned by a Fund) may be entitled to receive incentive-based compensation or carried interests (or other profit allocations) from or with respect to such joint venture or the underlying real estate property. These fees generally are borne, directly or indirectly, by the applicable Funds. **See Item 6 below.**

## Fund Expenses

Subject to the terms and conditions set forth in the applicable offering and governing documents of each Fund, to the extent not paid or reimbursed by an entity in which a Fund and any parallel investment vehicle(s) holds an investment, each Fund generally will bear its *pro rata* share of expenses related to its operations and/or those of any parallel investment vehicle(s), including (i) those relating to legal, auditing, consulting and accounting, (ii) those incurred in connection with the identification, evaluation, structuring, underwriting, negotiation, acquisition, sourcing, researching, making, monitoring, development, ownership, operation, management, hedging, financing, sale, restructuring, proposed sale, other disposition or valuation of Investments and temporary Investments or Investments and temporary Investments considered for the Fund, including, but not limited to, due diligence expenses, travel (including, with respect to air travel, the cost of business class or first class commercial airfare), lodging (including the cost of luxury accommodations), transportation, meals, entertainment, fees and expenses of finders, brokers, investment bankers, financial advisers and other similar entities, fees and expenses of legal counsel and other professionals such as accountants, tax consultants, environmental consultants, research consultants, appraisers, engineers, architects, insurance consultants, solvency experts and others retained by, or on behalf of the Fund, and fees and expenses in connection with any acquisition services, project and entity accounting or financing services performed by third-parties, (iii) those incurred as a result of a proposed transaction or investment by the Fund that is not consummated, to the extent not reimbursed by a third party, including all or any portion of such expenses that would have been allocable to one or more co-investors had such proposed transaction or investment been consummated, if the amount allocable to such co-investors is not paid by such parties, (iv) those incurred in connection with litigation, investigations, settlements or reviews of the Fund or other extraordinary events, D&O liability and other insurance and indemnity expenses, including the amount of any judgments or settlements, (v) those related to governmental or regulatory charges payable by the Fund (including taxes and other amounts related thereto) and those incurred in connection with any tax audit, investigation, proceeding, settlement or review of the Fund, in each case, except to the extent such amounts are (A) allocable to, or subject to indemnification by, a partner and (B) actually borne and paid by such partner, (vi) those incurred in connection with a purchase, sale, assignment, pledge or transfer of an investor's interest in the Fund or the withdrawal or termination of an investor as a limited partner of the Fund (except to the extent allocable to or payable by, and actually borne and paid by, the applicable purchaser or investor, assignee, pledgee or transferee, as the case may be), (vii) those incidental to the transfer, servicing and accounting for the Fund's cash and securities, including all charges of depositories and custodians, (viii) those incurred by the General Partner or its designee in its capacity as the Fund's tax matters representative, (ix) those incurred in connection with the administering of and compliance with side letters entered into with any investor and the governing documents of a Fund, including summaries thereof, (x) those associated with the notification and election process in connection with any "most favored nations" provision of any side letter, including the preparation of any compendium related thereto, (xi) those associated with meetings of the investors, including the annual meeting of investors (including payments to our affiliates or the affiliates of the General Partner of a Fund for certain charges, including but not limited to customary facilities, food and beverage, and other similar charges), (xii) those related to distributions to the investors, (xiii) those of the advisory committee of a Fund, including payments to our affiliates or affiliates of the General Partner for certain charges, including but not limited to customary facilities, food and beverage, accommodations, travel and other similar charges and legal counsel expenses pursuant to the Fund's governing documents, (xiv) those associated with defaults by partners, (xv) those relating to anti-money laundering or "know your customer" compliance, tax diligence expenses or related procedures, (xvi) those incurred in connection with any governmental or regulatory filings required to be made with respect to the Fund (including Form PF), (xvii) those incurred in connection with any restructuring or amendments to the constituent documents of the Fund and related entities to the extent necessary to implement a restructuring or amendment of such constituent documents of the Fund (except to the extent that the General Partner undertakes a restructuring of the Fund with the principal objective of improving the tax position of or solely for the benefit of us or the General Partner or our affiliates), (xviii) those related to fund administrator services, (xix) those incurred in connection with the winding up and liquidating the Fund and its subsidiaries, (xx) those related to communications and the administration of



the Fund or its subsidiaries, including, but not limited to, fees, expenses and costs incurred in connection with any software or online data portal utilized by the Fund or its subsidiaries, the preparation and circulation of funding notices, distribution notices and reporting (including fees, expenses and costs of any service providers), the maintenance of the Fund's books of account and other reports and the preparation of audited or unaudited financial statements required to implement the provisions of the governing documents of a Fund or by any governmental authority with jurisdiction over the Fund (including, without limitation, fees and expenses of independent auditors, accountants and counsel, the costs and expenses of preparing and circulating the reports called for by the Fund (including its proportionate share of the costs of any investor portal) and any fees or imposts of a governmental authority imposed in connection with such books and records and statements) and other routine administrative expenses of the Fund and its subsidiaries, including, but not limited to, the cost of any software used in connection with these or similar expenses, the cost of the preparation of returns, Schedule K-1's, cash management expenses and insurance and legal expenses, (xxi) those incurred in connection with the collection of any amounts due to the Fund from any entity and (xxii) all expenses incurred in connection with any indebtedness of the Fund and the "real estate investment trust" of the Fund ("REIT") or other credit arrangement (including any credit facility, loan commitment or letter of credit for the Fund or related to any investment (or any underlying asset)) and those incurred in negotiating, entering into, effecting, maintaining, varying and terminating any borrowing, guarantee or other credit arrangement permitted to be incurred under the governing documents of a Fund. In addition, each Fund generally will (x) bear 100% of the expenses incurred in the operation of any wholly-owned subsidiary of such Fund (including the REIT), and (y) not bear any expenses incurred in the operation of any feeder and any related regulatory and reporting expenses, including without limitation, expenses related to compliance with the AIFM Directive. Any expenses described in clause (y) above will be borne by the applicable parallel investment vehicle(s).

Subject to certain terms and limitations, each Fund generally is required to bear and pay its pro rata share of the expenses incurred in (i) the formation or organization of such Fund, any parallel investment vehicle, any feeder investment vehicle, the General Partner of such Fund and its affiliates, (ii) the offering and sale of interests in the Fund and any such parallel investment funds and (iii) the negotiation, execution and delivery of the applicable governing documents of a Fund and such applicable parallel investment vehicles, the investment management agreement and any related or similar documents including, without limitation, any (x) related legal and accounting fees and expenses, (y) related travel expenses (including with respect to air travel, the cost of business or first class commercial airfare) and (z) filing fees directly related to the Funds, any parallel investment vehicles or any alternative investment vehicle(s). Any "REIT expenses" generally are borne by the applicable REIT (and indirectly the applicable Fund) and any non-U.S. expenses generally are borne by the applicable parallel investment vehicle(s).

Subject to the terms and conditions set forth in the applicable governing documents, it is generally expected that the investors in a Fund will collectively bear the aggregate expenses of such Fund (other than the management fee), including the costs and expenses that may be attributable to (i) a single parallel investment vehicle, feeder investment vehicle, alternative investment vehicle or similar alternative structure, or other Fund entity through which an investor may not participate, or (ii) an investment in which an investor does not participate. As a result, an investor may bear a greater amount of costs and expenses than if the costs and expenses attributable to one or more Fund entities or investments, as applicable, were specially allocated to the investors actually participating in such Fund entities or investments, as applicable.

We face or may face or be presented with conflicts of interest in allocating certain costs and expenses between or among the applicable Funds, ourselves and our affiliates. We allocate or attempt to allocate costs and expenses among applicable clients (and, in certain applicable instances, our affiliates and other entities) in accordance with the applicable governing documents and allocation policies and procedures that are reasonably designed to allocate expenses in a fair and equitable manner under the circumstances among applicable clients. The allocation of expenses inherently requires subjective judgment and there

can be no assurance that one or more Funds or a Fund will not bear a disproportionate share of expenses. Certain third-party costs may be incurred for the benefit of a Fund or Funds, investment entities, successor funds and their respective portfolio companies, the General Partner(s), us or our affiliates. For example, insurance costs are typically allocated between the various parties primarily based on the relative assets under management among the relevant parties, asset type, asset values or such other method as we deem fair and reasonable. Determining the parties' allocable share of such costs, or otherwise allocating such costs and expenses, requires our subjective judgment and there can be no assurance that the Funds and the relevant investment entities will not bear a disproportionate share of such costs.

With respect to consummated investments or transactions, applicable co-investors generally will bear their *pro rata* share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, holding, ownership, maintenance, monitoring, hedging and disposition of their co-investments. In certain circumstances, co-investors will also be required to pay their *pro rata* share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. While we endeavor to allocate such fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. In addition, co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments (and in certain circumstances, co-investors may not bear such fees, costs and expenses because they have not been identified as of the time such potential investment ceases to be pursued). In such event, such fees, costs and expenses will be considered operating expenses of and be borne by the applicable Funds.

The foregoing list is not intended to be exhaustive or complete with respect to any Fund and is qualified in its entirety by the applicable governing and offering documents of each Fund. Investors generally do not receive detailed information regarding specific expenses paid by the Funds.

#### Other Investment Vehicle Expenses

Clients bear, directly or indirectly through their investment in other investment vehicles, subsidiaries or joint ventures (as applicable), their *pro rata* share of the offering, organizational and operating expenses of such other investment vehicle, subsidiary or joint venture, and expenses related to the investment of such assets, such as interest expenses, borrowing costs, transaction fees, fees payable to and expenses of joint venture partners and extraordinary expenses.

#### Custodial and Administration Fees

With respect to the Funds, administration fees are charged separately by the administrator and are in addition to the fees payable to us or an affiliate pursuant to the applicable governing and offering documents.

### **COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

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

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As noted under **Item 5** above, we and/or certain of our affiliates receive performance-based compensation (including carried interest distributions) with respect to the Funds (as described in **Item 5** above). We and/or one or more of our affiliates may also receive such compensation from other Funds or clients in the future. **See Item 10 and Item 11.**

Carried interest distributions and performance-based fees and compensation could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. The method of calculating the carried interest or performance allocations may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. Certain of our individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict. In addition, the minimum holding period for most of our investments recently increased from one to three years in order for a U.S. taxpayer's carried interest in respect of such investments to be taxed at rates applicable to long-term capital gain. The increase in the required holding period, or other laws (including applicable tax laws) applicable to carried interest, may create an incentive for us or our affiliates to make different decisions regarding the timing and manner of the realization of investments than would be made if long-term capital gain from the sale or disposition of capital assets did not require a three-year holding period. We attempt to address these conflicts through full and fair disclosure in the applicable governing and/or offering documents and/or this brochure.

We allocate investment opportunities between or among our applicable clients in accordance with the terms and conditions set forth in the applicable offering and governing documents of each Fund and our internal policies, procedures and guidelines (as amended or revised from time to time). We generally prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to us or our affiliates. Each client has its own investment guidelines, objectives, limitations and parameters that must be taken into account when allocating investment opportunities. **See Item 12.**

Subject to the terms and conditions set forth in the applicable offering and governing documents of a Fund, we may, but are not required to, elect to offer any co-investment opportunity to one or more investors, including Crow Family Holdings or an affiliate or related person thereof, or affiliates of investors or one or more third-parties, in each case, on such terms and conditions as we determine in our discretion, which such terms generally are expected to be more favorable than the terms set forth in the applicable governing documents of such Fund.

In determining to offer any co-investment opportunity in a specific investment, we generally will determine if the amount of an investment opportunity exceeds the amount we determine would be appropriate for the applicable Fund(s), taking account of relevant circumstances (including, without limitation, the size of the investment opportunity, the Fund's available commitments, the probability of follow-on investments related to such investment, the Fund's investment limitations, the Fund's governing documents and the construction of the applicable Fund's investments) before allocating any portion of such investment to one or more co-investors, unless we determine a particular co-investor may potentially add strategic value with respect to such investment or that offering such co-investment opportunity is otherwise in the best interest of the applicable Funds. In general: (a) no investor in a Fund has a right to participate in any co-investment opportunity; (b) decisions regarding whether and to whom to offer co-investment opportunities are made in our sole discretion or other participants in the applicable transactions, such as co-sponsors; (c) subject to the terms and conditions of the applicable governing documents, co-investment opportunities may be offered to some and not other investors, in our sole discretion; (d) certain persons other than investors (e.g., third-parties) may be offered co-investment opportunities, in our sole discretion; and (e) co-investors may purchase their interests in the underlying investment at the same time as the applicable Fund or may purchase their interests from the Fund after the Fund has consummated its investment in the investment (also known as a post-closing sell down or transfer). In certain instances, we may be incentivized to offer co-investment opportunities to one or more persons or entities. **See Item 12.**

## **ITEM 7: TYPES OF CLIENTS**

### **TYPES OF CLIENTS**

We provide advisory, management and other services to our affiliated private pooled investment vehicles (the Funds). We may in the future provide investment advisory, management and other services to other types of clients or persons. As disclosed in this brochure, we or an affiliate provide or may in the future provide certain non-advisory services (including asset management services) to various other persons (including clients and non-advisory clients).

### **ACCOUNT REQUIREMENTS**

In general, the minimum initial capital contribution or capital commitment, as applicable, required for an investor in a Fund is described in its offering documents. A General Partner has accepted and may accept lesser amounts in its discretion (subject to applicable law).

To invest in the Funds, each investor generally is required to be, among other things, an “accredited investor” and either a “qualified purchaser” or “knowledgeable employee,” as each such term is defined in applicable U.S. securities laws.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

We generally seek to acquire a diversified portfolio of real estate and real estate assets within the investment objectives of each Fund, including, without limitation, warehouses, retail centers, retail convenience store and gas station assets, land, multi-family housing (including senior-living housing, student housing and rental and for-sale housing), office buildings, hotels, medical office buildings/hospitals, self-storage buildings, car washes, manufactured housing, single family residential lot development and debt secured, directly or indirectly, thereby, and/or private real estate operating companies. Certain Funds pursue and may pursue a single strategy, such as small retail (including convenience stores or gas stations), self-storage, or multi-family housing. We evaluate the market throughout the investment period and deploy capital where we believe that the best opportunities can be found on a risk-adjusted basis. To the extent consistent with the investment objectives of a Fund, we intend to primarily focus on sectors of real estate that historically have lower volatility and higher current income, such as retail, warehouse and multi-family.

With respect to the value-add diversified Funds, we typically finance each asset separately on a non-recourse basis (subject to customary non-recourse carve-outs) in order to avoid cross-collateralization. This minimizes the possibility of a “mistake” in the portfolio creating a domino effect on other holdings within such Fund. However, a separate guaranty of the debt or such non-recourse carve-outs is often required, which effectively cross-collateralizes all or a portion of the portfolio. We strive to maintain appropriate levels of leverage. Additionally, we may also place leverage on smaller assets using one or more portfolio loans in an attempt to obtain improved debt terms and increase financing availability. Non-recourse financing may be more costly or expensive than recourse financing.

Single product Funds generally leverage their investments with non-recourse debt financing (subject to customary non-recourse carve outs) and may obtain recourse debt financing in select situations and provide, or have a subsidiary provide, guarantees for such carve-outs. Because some single product Funds intend to engage in portfolio financings and financing

acquisitions where several investments are cross-collateralized, multiple investments in the portfolio will be subject to the risk of loss.

Subject to the terms and conditions set forth in the applicable governing documents, a Fund and/or any subsidiary of such Fund may enter into a credit facility (including any credit facility entered into jointly and severally with, on a cross-collateralized basis with, or for the benefit of, any one or more parallel investment vehicles, alternative investment vehicles and/or any of their respective subsidiaries) in furtherance of such Fund's or such subsidiary's business including, without limitation, to pay organizational and operating expenses, to provide interim acquisition financing or to provide additional leverage with respect to a Fund's investments and/or provide equity approved by such Fund's investment committee for long-term use (subject to certain limits set forth in the applicable governing documents).

We seek to generate attractive risk-adjusted returns consistent with each Fund's investment objectives through the implementation of one or more investment strategies, including the following:

**Value Creation.** We target well-located properties with an in-place income stream and the opportunity to produce appreciation through the implementation of value creation tactics such as (i) increasing net operating income, (ii) redevelopment, (iii) asset repositioning, (iv) acquiring assets in recovering markets, and (v) buying below replacement cost.

**Development.** As the competition for income producing assets has increased, development projects in markets with strong job growth or in supply constrained sub-markets increasingly attract investor capital. We target development opportunities with strategic local operators.

**Negotiated Transactions.** In a competitive investment environment, exploitation of a wide network of relationships is critical to placing capital effectively. We continually tap into our network of relationships to gain market knowledge and source transactions on a negotiated or limited competition basis.

**Flexibility.** We have the depth of management and experience to react quickly to changes in the market cycle and capitalize on windows of opportunity in the real estate market.

*The investment strategies summarized above are not intended to be comprehensive or exhaustive. With respect to each of the Funds, the information set forth above is qualified in its entirety by the information set forth in its applicable offering and governing documents. For more information regarding the investment strategies and processes of each Fund, please refer to the applicable offering and governing documents.*

## CERTAIN RISK FACTORS

*There can be no assurance that we or our clients or investors will achieve their investment objectives or that investments will be profitable. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are low risk or risk free. Our investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with our investment strategies and processes and will not necessarily apply to each client or investor. With respect to each Fund, the following risks and conflicts are qualified in their entirety by the risks set forth in the applicable offering documents.*

**Risks of Real Estate Ownership.** All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit a Fund's ability to vary such Fund's portfolio promptly in response to changes in economic or other conditions. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the investments. In addition, the ability of a Fund to realize anticipated rental and interest income on its equity and debt investments will depend on many factors which may be beyond our control, including on the financial reliability of the investments' tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located (affected, for instance, by overbuilding) and general economic conditions. There is no assurance that the investments will be profitable or that cash flow will be available for distribution to partners. Other risks include (a) changes in general economic or local conditions; (b) changes in or promulgation and enforcement of zoning, land use, building, environmental protection, occupational safety and other governmental laws and regulations; (c) changes in operating expenses; (d) changes in real estate tax rates; (e) changes in interest rates; (f) changes in costs and terms of mortgage loans; (g) unavailability of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; (h) fluctuations in energy prices and energy and supply shortages; (i) changes in the relative popularity of properties; (j) changes in the number of buyers and sellers of properties; (k) the financial condition of borrowers and of tenants, buyers and sellers of property; (l) the imposition of rent controls; (m) the ongoing need for capital improvements; (n) cash-flow risks; (o) construction risks; (p) natural catastrophes, pandemics, epidemics, outbreaks of disease and other public health issues (and governmental actions or measures in response to such developments); (q) acts of war, terrorism or civil unrest; (r) various uninsured or uninsurable risks and uninsurable losses; and (s) other factors beyond the control of us or the management of the Funds. As investments in real estate generally are not liquid, there is no assurance that there will be a ready market for the investments.

Additionally, the Funds are, in certain instances, responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by the Funds will reduce the cash available for distribution and may require the Funds to fund deficits resulting from the operation of a property. In acquiring a property, the Funds may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. No assurance can be given that the Funds will have funds available to make such repairs or improvements. These factors and any others that would impede a Fund's ability to respond to adverse changes in the performance of its assets could significantly affect such Fund's financial condition and operating results.

Investments are subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of properties difficult or unattractive. For example, following the termination or expiration of a tenant's lease there may be a delay before a Fund will begin receiving rental payments under

a replacement lease. During that period, the Funds will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair a Fund's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require the Funds to make capital improvements to properties which would not have otherwise been planned. Ultimately, to the extent that a Fund is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which will adversely impact such Fund's operating results.

In some instances, the principal asset of the lessee of a property may be only the tenant's improvements thereon, or the liability of the lessee may be limited to its interest in such improvements. In those cases, a Fund will be required to rely on the lessee's equity interest in the improvements for its security. In the event of a default by a lessee or other premature termination of a lease, a Fund may experience delays in enforcing its rights as lessor, may incur substantial costs in protecting its investment and may experience an impairment of value.

***Risks Associated with Certain Types of Real Estate.*** Subject to the terms and conditions set forth in the applicable governing documents, a Fund invests or may invest in various types of real estate assets, including office buildings, warehouse (including self-storage buildings), retail centers, retail convenience store and gas station assets, land, multi-family housing (including senior-living housing and rental and for-sale housing), medical office buildings and hospitals, hotels, manufactured housing, car washes, and private real estate operating companies, each of which is subject to the general risks associated with owning and operating real estate described in "*Risks of Real Estate Ownership*" above. In addition, other factors that may adversely affect the value and successful operation of, and income generated from, these types of Investments include: the physical attributes of a building used to generate income, such as its age, condition, design, appearance, access to transportation and construction quality; location of the property, for example, a change in neighborhoods over time or desirability of the area to the target tenant population; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; competition from other real estate investors, which may affect the number of similar properties available; the level of mortgage interest rates, which may encourage tenants to purchase rather than lease property; presence or construction of competing properties; the quality of tenants and tenant mix, such as the tenant population being heavily dependent on specific industries or businesses or, particularly with respect to residential real estate properties, being predominantly students; adverse local, regional or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; and federal, state, and local regulations, which may affect the building owner's ability to increase rent to market rent for an equivalent property. Any of the foregoing could have a material adverse effect on the performance of an investment.

***Force Majeure.*** Force majeure events in the United States and elsewhere in the world may adversely affect us, an investment or asset owned by a Fund or other parties or persons with whom we or they do business to perform their respective obligations, under a contract or otherwise. In addition, dealing with any force majeure event will divert our time and effort, and the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions or force majeure events may result in permanent loss of tenants, loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance. In some cases, project or other agreements can be terminated (or a tenant's obligation to pay rent can be suspended or terminated for a certain period of time) if a force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are impossible or costly to cure or remedy may also have a permanent adverse effect on a Fund or an investment owned by a Fund, and such Fund's returns could be diminished or materially adversely affected as a result.

**Volatility of Property Income.** The volatility of net operating income for a property is influenced by matters such as the length of tenant leases, the creditworthiness of tenants, the level of tenant defaults, the ability to convert an unsuccessful property to an alternative use, new construction in the same market as the mortgaged property, rent control laws or other laws impacting operating costs, the number and diversity of tenants, the availability of trained labor necessary for tenant operations, property management decisions, property location and condition, competition from comparable types of properties, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest, civil disturbances, the rate at which new rentals occur, the property's operating leverage (which is the percentage of total property expenses in relation to revenue), the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants. A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources (such as short-term or month-to-month leases) and may lead to higher rates of delinquency or defaults under mortgage loans secured by such properties.

**Competition for Investments.** The success of each Fund as a whole depends upon the identification and availability of suitable real estate investment opportunities that fall within the Fund's investment objectives and our ability to identify, negotiate, close, manage and exit those investment opportunities. The activity of identifying, completing and realizing on attractive investments is highly competitive and involves a high degree of uncertainty, especially with respect to timing. There can be no assurance that we will be able to locate and complete investments which enable any Fund to invest any portion of its committed capital in opportunities that satisfy such Fund's investment objectives or realize the value of these investments.

We compete for the right to make investments with an ever-increasing number of other parties, including other consortia, companies, other real estate investment partnerships and other private investment funds, as well as individuals, financial institutions and other institutions, some of which may have greater resources than us. As a result of such competition, a Fund may have difficulty in making certain investments or, alternatively, a Fund may be required to make investments on economic terms less favorable than anticipated. Additionally, competition for investments may have the effect of increasing costs, thereby reducing investment returns to the Funds. If a Fund fails to make new investments or makes investments on less favorable terms, such Fund's financial condition and results of operations could be materially and adversely affected. The investors generally are required, nonetheless, to contribute capital to pay the management fees based on their respective commitments during the investment period of a Fund. The availability of investment opportunities is subject to market conditions, the prevailing regulatory conditions or the political climate in industries and regions in which the Funds may invest and other factors outside our control.

**Financial Condition of Tenants.** Adverse changes in the operations of any property, or the financial condition of any tenant, could have an adverse effect on a Fund's ability to collect rent payments and, accordingly, on its ability to make distributions to limited partners. A tenant may experience, from time to time, a downturn in its business which may weaken its financial condition and result in its failure to make rental payments when due. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow of a Fund. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if they do, that their leases will continue in effect. These risks can be exacerbated to the extent that multiple investments owned by a Fund have exposure to the same tenant(s).



***Investments in Land/New Development and Redevelopment Risks.*** A Fund may invest in direct or indirect interests in undeveloped land or under-developed real property, which may often be non-income producing. In addition, some assets acquired by a Fund may require redevelopment in order to meet such Fund's investment strategy. To the extent that a Fund invests in such assets, it will be subject to the risks normally associated with such assets, as well as the risks related to development and redevelopment activities. These risks include: the availability and timely receipt of zoning, building, land use and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond our control, such as weather or labor conditions, insolvency of building contractors, the inability of contractors to perform their obligations or material shortages), defects in plans and specifications and the availability of both construction and permanent financing on favorable terms. These risks could result in additional time between the acquisition of an asset and the realization of a Fund's investment objectives for such asset, substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have an adverse effect on a Fund. Properties under development or redevelopment, or properties acquired to be developed or redeveloped, may receive little or no cash flow while costs and expenses continue to be incurred from the date of acquisition through the date of completion of development or redevelopment and may experience operating deficits after the date of completion. Further, any delay in completing the development or redevelopment of an asset may result in increased interest and costs and the potential loss of previously identified purchasers or tenants. In addition, real estate market, economic and other conditions may change during the course of development or redevelopment, making such development or redevelopment less attractive than at the time it was commenced.

***Ground Lease Improvements.*** A Fund may invest from time to time in real estate properties that are subject to ground leases. As a lessee under a ground lease, a Fund may be exposed to the possibility of losing the property upon termination or an earlier breach by such Fund of the ground lease, which may adversely impact such Fund's investment performance. Furthermore, ground leases generally provide for certain provisions that limit the ability to sell certain properties subject to the lease. In order to assign or transfer rights and obligations under certain ground leases, a Fund will generally need to obtain consent of the landlord of such property, which, in turn, could adversely impact the price realized from any such sale.

***Unforeseen Acquisition Results.*** Acquisitions made by the Funds may not prove to be successful. The Funds may encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities. The Funds may never realize the anticipated benefits of an acquisition, which could adversely affect their ability to dispose of properties or make distributions to limited partners.

***Possible Lack of Diversification.*** While diversification is an objective of the Funds, there is no assurance as to the degree of diversification that will actually be achieved in the Funds' investments either by geographic region or property type. The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single investment. To the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer investments than anticipated and thus be less diversified. If we make an investment in a single transaction with the intent of refinancing or selling a portion of the investment, there is a risk that we will be unable to successfully complete such a financing or sale. This could lead to increased risk as a result of the Funds having an unintended long-term investment and reduced diversification.

**Foreign Investments.** Subject to the terms and conditions set forth in the applicable offering memorandum, we may make investments in foreign countries. With any investment in a foreign country, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war, economic problems and particular legal or regulatory risks. Furthermore, any fluctuation in currency exchange rates will affect the value of investments in foreign securities or other assets and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Foreign countries also may impose taxes on the Funds and/or the limited partners.

**Risks of Developing Property.** Property development activities include, among others, the risks that we may abandon development projects after expending resources, construction costs of a project may exceed original estimates, occupancy rates and rents at a newly completed property may be less than anticipated and the construction and leasing of a property may not be completed on schedule. Development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use building, occupancy and other required government permits and authorizations.

**Potential Environmental Liabilities.** Property owners are subject to potential liabilities under various federal, state and local laws, ordinances and regulations as well as common law principles relating to environmental protection (collectively, “Environmental Laws”). Among other things, certain Environmental Laws provide that an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property and subject the owner or operator of real property or a facility to claims or liability for the costs of removal or remediation of hazardous substances that are released at, in, on, under, or from real property or a facility. The cost of any required remediation and the owner’s liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. In addition to claims for cleanup costs, the presence of hazardous substances on or the release of hazardous substances from a property or a facility and persons who arranged for off-site disposal activities could result in a claim by a private party for personal injury or property damage or could result in a claim from a governmental agency for other damages. Liability under such Environmental Laws can be imposed on the owner or the operator of real property or a facility without regard to fault or even knowledge of the release of hazardous substances and other regulated materials on, at, in, under, or from the property or facility. The presence of hazardous substances in amounts requiring response action or the failure to undertake necessary remediation may adversely affect the a Fund’s ability to use or sell real estate or borrow money using such real estate as collateral, which could have an adverse effect on a Fund’s return from such investment.

A variety of stringent federal, state and local laws and regulations govern the environmental aspects of the oil and gasoline business. Any noncompliance with these laws and regulations could subject Investments to material administrative, civil or criminal penalties, or other liabilities. Additionally, compliance with these laws may, from time to time, result in increased costs of operations or decreased production, and may affect acquisition costs of investments in oil and gas businesses.

**Investment in Non-Performing or Troubled Assets.** We may make substantial investments in nonperforming or other troubled assets that involve a degree of financial risk and there can be no assurance that a Fund’s internal rate of return and/or cash multiple of invested capital objectives will be realized or that there will be any return of capital. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the Bankruptcy Code may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of the investor’s original investment, including equitable subordination and/or disallowance of claims or lender liability. In addition, under certain circumstances,

payments to the Funds and distributions by the Funds to the limited partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment under applicable law.

***Leverage of Investments.*** We leverage or may leverage a Fund's investments individually or as a portfolio (or a pool of assets in the portfolio) with non-recourse debt financing, subject to customary non-recourse carve-outs. A Fund also may obtain or utilize recourse debt financing on an unsecured basis or in select situations on secured financings and it may provide, or have a subsidiary provide, guarantees in such situations. Although the use of leverage may enhance returns and increase the number of investments that can be made, it also may substantially increase the risk of loss. Additionally, use of leverage on any particular investment will increase the exposure of such investment to adverse economic factors such as rising interest rates, severe economic downturns or deterioration in the condition of the investment or its market, and can impact the feasibility and/or returns in respect of any disposition as a result of applicable pre-payment penalties. This could impair such investment's ability to finance its future operations and capital needs and result in restrictive financial and operative covenants. Use of leverage at the portfolio level also exposes investments to the performance of other assets with which it is crossed. In the event a real estate investment is unable to generate sufficient cash flow to meet its principal and interest payments on its indebtedness, the value of a Fund's equity investment in such real estate investment could be significantly reduced or even eliminated. Borrowings under a proposed credit facility generally are secured, among other things, by the interests of the limited partners in the Funds and by their obligations to make capital contributions. Also, because certain of the single product Funds generally intend to engage in portfolio financings and financing acquisitions where several investments are cross-collateralized, multiple investments will be subject to the risk of loss. As a result, a Fund could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments. Any inability of the Funds to repay such borrowings could enable a lender to take action against the limited partners.

***Illiquidity of Investments.*** Real estate investments made by the Funds are generally illiquid and held for an indefinite period of time. Dispositions of such investments also may be subject to limitations on transfer or other restrictions that would interfere with the subsequent sale of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, we may invest in securities of privately held companies for which there is no public market. The Funds will generally not be able to sell these securities unless such securities are registered under applicable securities laws or unless an exemption from such registration requirements is available. In some cases, the Funds may be prohibited by contract from selling securities for a period of time. There is also the risk that the Funds will be unable to dispose of such securities at attractive prices or otherwise execute a successful exit strategy.

***Co-Investments with Third Parties.*** A Fund may co-invest from time to time through jointly owned acquisition vehicles, partnerships, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of a Fund. In such situations, a Fund's ability to control its equity investments will depend upon the nature of the joint investment arrangements with such third parties and such Fund's relative ownership stake in such investments. A Fund may be a minority investor in these circumstances. In addition, such arrangements may restrict a Fund's ability to dispose of such investments for potentially significant periods of time. Such co-investments may involve risks in connection with such third-party involvement, including the possibility that a third party co-investor may have financial difficulties, resulting in a negative impact on the investment, may have economic or business interests or objectives (including with respect to the timing of sale) that are different than or conflict with those of the Fund, or may be in a position to take actions contrary to (or block actions which are consistent with) the Fund's investment objectives, which may result in negative consequences, including loss of capital. A Fund may be liable for certain actions of its co-venturers or co-investors. Co-investments may also involve higher costs than other investments. Co-venturers or co-investors potentially may include one or more limited partners. **See Item 11.**

**Service Providers and Joint Ventures.** We, the Funds, the General Partners and our employees may from time to time engage or retain, or cause the companies in which a Fund or client makes investments to engage, retain or otherwise transact with, service providers and joint venture partners in connection with the operations, activities and business of a Fund or one or more of its investments. Certain service providers, joint venture partners or their affiliates (including introducers, brokers, attorneys, accountants, investment bankers and lenders) may also provide services to, serve as joint venture partners of or have business, financial, personal or other relationships or arrangements with other clients, investors, Crow Family Holdings, TCR, CHI, MCM, CHO, certain of our senior employees and/or certain of our affiliates. In addition, one or more of a Fund's service providers or joint venture partners may be investors in another Fund and/or sources of investment opportunities for one or more Funds. Certain of our employees and our affiliates have or may have ownership or financial or other interests in certain service providers and/or joint venture partners to a Fund. These and other factors may influence us and our affiliates in determining whether or not to select or engage or recommend such a service provider or joint venture partner for a Fund or any investment. Notwithstanding the foregoing, investment transactions for a Fund that require the use of one or more service providers generally will be allocated to service providers on the basis of our judgment as to best execution, the evaluation of which may include, among other considerations, such service provider's provision of certain investment-related services and research that we believe to be of benefit to such Fund or other clients.

In certain circumstances, service providers or their affiliates may charge different rates or have different arrangements for services provided to us, the General Partners, Crow Family Holdings, TCR, CHI, MCM, CHO or their affiliates as compared to service provided to clients and their investments, which may result in more favorable rates or arrangements than those payable by the clients or portfolio investments.

**Loans by the Funds.** In connection with seeking investment opportunities, a Fund may make one or more loans to an entity by which such Fund holds, directly or indirectly, an investment. Any such loan made by a Fund involves the risk of loss of the entire amount of such loan. Moreover, it is possible that any contemplated follow-on investment with respect to an investment may not occur, limiting such Fund's ability to share in future appreciation with respect to such investment. In addition, by making such loans, a Fund may be subject to various laws and regulations applicable to lenders and the holding of such loans could potentially subject such Fund to "lender liability" risks.

**Credit Facilities.** The Funds have entered into and may in the future enter into credit facilities with one or more lenders in order to, among other things, finance the acquisition of investments, pay organizational and operating expenses, provide for interim acquisition financing, provide additional leverage with respect to fund investments and/or provide equity approved by the applicable investment committee of a Fund for long-term use. Such credit facilities contain a number of covenants that, among other things, might restrict the ability of a Fund and any subsidiary to acquire or dispose of investments, incur additional indebtedness, make cash distributions, make capital calls to partners, amend certain documents, such as the partnership agreement, or otherwise restrict the activities of a Fund without the consent of the lenders. Economic conditions could result in higher interest rates, which could increase debt service requirements on variable rate debt and could reduce the amount of cash available for various fund purposes; result in lenders' ability to make capital calls to partners and/or result in an exercise of lender's remedies against the collateral securing any credit facility.

**Liabilities Upon Disposition of Investments.** In connection with the disposition of certain types of investments, the Funds may be required to make representations about the business and financial affairs of such investment typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchaser of such investment or underwriter to the extent that any such representations or disclosure documents are determined to be incorrect, inaccurate or misleading. These

arrangements may result in contingent liabilities, which might ultimately have to be funded by the partners to the extent that the partners have received prior distributions from a Fund, subject to certain limitations.

***Risk of Unsuccessful Exit Strategies.*** We may cause a Fund to opportunistically sell, publicly list, distribute or otherwise dispose of investments at any time. It is not possible to predict whether a particular exit strategy will be advantageous or available at the appropriate time. If a Fund fails to execute an exit strategy successfully prior to the liquidation of the Fund, such Fund may be forced to liquidate its assets on terms less favorable than anticipated and the proceeds from these investments and the remaining investments may be materially and adversely affected.

***Casualty Losses; Uninsurable Losses.*** We generally maintain insurance on each of the properties the Funds acquire, including terrorism, liability, fire and extended coverage, in amounts believed appropriate relative to the risks to those properties, subject to applicable deductibles. A Fund may also require, prior to lending on a given real estate asset, that the owner or property manager obtain suitable comprehensive liability, fire and extended coverage insurance for the property of the types and in the amounts customarily obtained for similar properties. There are certain types of losses, however, generally of a catastrophic nature, including those due to earthquakes, floods, hurricanes, pandemics and other acts of God, which may be uninsurable or not economically insurable. Inflation, changes in building or zoning codes and ordinances, environmental considerations, and other factors may also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by a Fund might not be adequate to restore its economic position with respect to the affected asset. Because each Fund is a pooled investment fund, all Fund assets may be at risk in the event of an uninsured or underinsured liability. In addition, we may need to initiate litigation in order to collect from an insurance provider, which may be lengthy and expensive and which ultimately may not result in a financial award.

***Follow-On Investments.*** Following an initial Investment, a Fund may be asked to provide additional funds to, or have the opportunity to increase its investment in, such investment. There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient resources to, or be permitted to, make all such investments. Any decision by a Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on the original property or entity in need of such investment, may result in missed opportunities for a Fund or may result in a dilution of a Fund's investment (in the event alternative capital is used to satisfy such additional funding needs). If a Fund makes a follow-on investment, there can be no assurance that such investment will be successful.

***Risks of Multi-Step Transactions.*** In the event that a Fund chooses to effect a transaction by means of a multi-step acquisition, there can be no assurance that all of such required steps can be successfully consummated. This could possibly result in a Fund owning a significant real estate investment without having working control over the assets or access to its cash flow to service debt incurred in connection with the acquisition and without being able to dispose of such position at prices equal to or greater than its purchase price.

***Investments Involving Multiple Properties.*** Investments involving multi-property acquisitions are often more complex and expensive than single-property acquisitions, and may place additional demands on us. Where multiple properties are acquired as a group, a Fund may be required to purchase all properties as a package rather than declining the properties it does not want. If a Fund is required to purchase one or more properties that it does not wish to acquire as part of a multi-property transaction, it may not be able to identify a buyer to acquire such properties, and thus may be required to operate or attempt to dispose of those properties. A Fund may also be required to accumulate a large amount of cash to fund such acquisitions. Because of the foregoing, acquiring multiple properties in a single transaction may reduce the overall yield on a Fund's portfolio.

**Counterparty Risk.** The Funds are subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the Funds to substantial losses. In an effort to mitigate such risks, we attempt to limit transactions with counterparties which we believe are established, well-capitalized and creditworthy.

**Fraud.** Of paramount concern in purchasing securities, real estate and other assets is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of an investment entity or other asset. We rely upon the accuracy and completeness of representations made by counterparties to the extent reasonable and appropriate, but cannot guarantee that such representations are accurate or complete.

**Expedited Transactions.** Investment analyses and decisions by us may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to us at the time an investment decision is made may be limited, and we may not have access to detailed information regarding the investment property. Therefore, no assurance can be given that we will have knowledge of all circumstances that may adversely affect such investment.

**Litigation at the Property Level.** The acquisition, ownership and disposition of real properties carry certain specific litigation risks. Litigation may be commenced with respect to a property acquired by a Fund or its subsidiaries in relation to activities that took place prior to a Fund's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such potential buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of a Fund's efforts to maximize sale proceeds. Similarly, successful buyers may later sue a Fund under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

**Projections.** The Funds may rely upon projections developed or provided by us, an affiliate or a third party (such as a valuation firm) concerning an investment's or asset's expected future performance, outcome and cash flow. Projections are inherently subject to uncertainty and factors beyond our control (or the control of any of our affiliates or any third parties). The inaccuracy of certain assumptions, the failure to satisfy certain requirements and the occurrence of other unforeseen events could impair the ability of an investment to realize projected values, outcomes and cash flow.

**Taxation.** Investments in properties or companies in the real estate sectors may be subject from time to time to numerous taxes and fees levied by the jurisdictions in which such properties are located or such companies are organized or operate. Entities having substantial real property holdings, in particular, may be subject to specific tax regimes, such as real estate taxes, stamp duties and various state and local taxes.

#### Other General Risks

**General Economic Conditions.** Changes in general global, regional and U.S. economic and geopolitical conditions may affect our or the Funds' activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment. Material changes and fluctuations in the economic environment, particularly of the type experienced since 2008 that caused significant dislocations, illiquidity and volatility in the wider global economy, may affect the Funds' ability to make investments and the value of investments held by the Funds or the Funds' ability to dispose of

investments. The short-term and the longer-term impact of these events are uncertain, but they could continue to have a material effect on general economic conditions, consumer and business confidence and market liquidity. Any economic downturn resulting from a recurrence of such marketplace events and/or continued volatility in the financial markets could adversely affect the financial resources of entities owned by the Funds. Additionally, during, and following, the U.S. presidential election in 2016, there has been discussion and dialogue regarding potential significant changes to U.S. trade policies, legislation, treaties and tariffs, including the North American Free Trade Agreement (“NAFTA”), as well as trade policies and tariffs affecting Canada, China, the European Union and other countries. Tariffs and other trade restrictions recently imposed by the U.S. and any further similar changes in U.S. trade policy have triggered some, and could trigger additional, retaliatory actions by affected countries, possibly resulting in “trade wars”. At this time, it is unknown whether and to what extent new legislation will be passed into law, pending or new regulatory proposals will be adopted, international trade agreements will be negotiated, or the effect that any such action would have, either positively or negatively, on the Funds or their investments. Investments can be expected to be sensitive to the performance of the overall economy. Moreover, a serious pandemic, natural disaster, armed conflict, threats of terrorism, terrorist attacks, global pandemics or outbreaks of disease and the impact of military or other action could severely disrupt global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer and business confidence may negatively impact market value, increase market volatility and reduce liquidity, all of which could have an adverse effect on the performance of Investments, the Funds’ returns and the Funds’ ability to make and/or dispose of investments. No assurance can be given as to the effect of these events on the Funds or their investment objectives.

**Geopolitical Risks.** An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gasoline and could affect certain investments financial results. Further, the United States government has issued public warnings indicating that energy assets might be specific targets of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, such investments may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default with respect to particular investments of the Fund, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on a Fund’s returns and ability to make new investments. No assurance can be given as to the effect of these events on the value of or markets for investments.

**Governmental Intervention.** In 2008, the global financial markets underwent disruptions that led to certain governmental intervention. The coronavirus (COVID-19) pandemic of 2020 has also led and will likely continue to lead to substantial governmental intervention (both in the United States and abroad). Such intervention, in certain cases, was or is being implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions were or are typically unclear in scope and application, resulting in confusion and uncertainty which in itself can be materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. If governmental intervention programs are unwound, there could likewise be uncertainty and adverse effects on the markets. In the case of any future market disruptions, it is impossible to predict what interim or permanent governmental restrictions (or easing of restrictions) may be imposed on the markets or the effect of such restrictions on the Funds’ investment strategies.

**Cyber Security Risk.** CHC, the General Partners, the Funds, the investments of the Funds and any of their respective service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could

adversely affect the Funds and the investors, despite the efforts of CHC, the Funds' investments and any of their respective service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, e-mail and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and the investors (including non-public personal information of investors and their beneficial owners or affiliates or personnel). Cyber incidents refer to both intentional attacks and unintentional events including: processing errors, human errors, technical errors including computer glitches and system malfunctions, inadequate or failed internal or external processes, market-wide technical-related disruptions, unauthorized access to digital systems (through "hacking" or malicious software coding), computer viruses, and cyber-attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality (including denial of service attacks). For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of or prevent access to the systems of CHC, the General Partners, the Funds, the investments of the Funds, or any of their respective service providers, counterparties or data within those systems without the knowledge of system users. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of CHC, the General Partners, the Funds or any of their respective service providers' systems to disclose sensitive information in order to gain access to CHC's data or that of the investors in the Funds. A successful penetration or circumvention of the security of CHC's, the General Partners or any of their respective service providers' systems could result in the loss or theft of an investor's data or funds (including non-public personal information of an investor or its beneficial owners or personnel), inability to access electronic systems, disruption of its business loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause CHC, the General Partners, the Funds, the investments of the Funds or any of their respective service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, liability to clients or third parties, regulatory intervention or financial loss. The Funds, the General Partners and CHC make no assurances, representations or warranties in relation to these matters, and may have not obtained representations or warranties in relation to these matters from all of their respective service providers. While we believe that our (and the Funds') service providers have established disaster recovery, cyber security and business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, we cannot control the cybersecurity plans and systems put in place by service providers or any other third parties whose operations may affect us or the Funds. Any cyber security breach or failure could expose us or the Funds to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify us and the General Partners against losses or costs incurred in connection with any cyber security incident or breach. Cyber security issues are a major regulatory focus area for the SEC and other regulators.

Similar types of operational and technology risks are also present with respect to investments, which could have material adverse consequences for such investments, and may cause such investments to lose value.

**Server Infrastructure Upgrade.** Our current server infrastructure is hosted in a primary and secondary physical data center. In the event of a failure in the primary data center, the secondary data center would take over. The data is currently replicated between the two data centers and the replication process may take up to 24 hours or longer, depending on network traffic and data type, among other things. The primary data center is located in Dallas, TX and the secondary data center is located in Richardson, TX. All servers and storage are backed up digitally to a digital backup system. The backup policy consists of daily backups, monthly backups and six annual backups. In 2020, our Business Technology group will upgrade the server infrastructure to more adequately address the enterprise's needs. The new server infrastructure will include one physical data center and one cloud-based data center. Data replication will occur at the hardware level and is expected to replicate every 15 minutes, significantly reducing the replication time.



**Transactions with Investors and Co-Investors.** We and our affiliates (including a Fund) from time to time engage in transactions with actual or prospective investors in a Fund (or co-investors) and prospective and actual investors of other vehicles or accounts that entail benefits to such investors. Such transactions may be entered into prior to, or coincident with, an investor's admission to a Fund (or commitment to co-invest) or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to the Funds, other vehicles or accounts and their respective issuers or affiliates. A Fund may sell investments to any third party, including investors in a Fund or any affiliates thereof.

**Tax Law Developments.** In December 2017, a significant reform of the U.S. Internal Revenue Code of 1986, as amended (the "Tax Code"), was signed into law (the "Tax Act"). There are significant uncertainties regarding the interpretation and application of the Tax Act. Among the numerous changes included in the Tax Act are (i) a reduction to the corporate income tax rate, (ii) new limitations on the utilization of net operating losses, (iii) partial limitations on the deductibility of business interest expense, (iv) a partial shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with a transitional rule which taxes certain historic accumulated earnings and rules which prevent tax planning strategies which shift profits to low tax jurisdictions), and (v) a suspension of certain miscellaneous itemized deductions, including deductions for investment fees and expenses, until 2026. The Internal Revenue Service or U.S. Treasury Department may provide additional or further guidance and interpretations regarding various aspects of the Tax Act. Changes to the Tax Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to a Fund or the investors in such Fund.

The Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Significant uncertainties remain regarding the application of the provisions of the Tax Act that affect the taxation of carried interest. Enactment of this legislation could cause our investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. In addition, other countries could clarify or modify their tax treatment of carried interest. This might make it more difficult for us to incentivize, attract and retain these professionals, which may have an adverse effect on our ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as our tax position may differ from the tax positions of the Funds and/or investors in the Funds and therefore, these rules may have an additional impact on the investment decisions made by investors or our clients, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the Tax Act gives us an incentive to cause a Fund to hold an investment for longer than three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years.

**Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.** Our business activities as well as the activities of the Funds and their operations and investments could be materially adversely affected by outbreaks of disease, epidemics and public health issues in Asia, Europe, North America, the Middle East and/or globally, such as COVID-19 (and other novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. In particular, coronavirus, or COVID-19, has spread and is currently spreading rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and is likely to continue) to negatively affect or materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks). Although the long-term effects of coronavirus, or COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as H5N1, H1N1 and the Spanish flu, had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. A

recurrence or continued outbreak or spread of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which would be reasonably likely to adversely affect the business, financial condition and operations of us and the Funds. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to worsen), we could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on our operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

***Crow Family Holdings Risks.*** As noted herein, a majority of the interests in us and the General Partners is ultimately owned by Crow Family Holdings. Crow Family Holdings currently is a passive equity owner and is not involved in our day to day management. Nonetheless, as an owner, Crow Family Holdings has the authority to take certain actions with respect to us, including the authority to remove and replace our management teams. In addition, Crow Family Holdings is oftentimes a significant investor in each Fund. Certain activities of Crow Family Holdings and members of the Crow family may present various actual and potential conflicts of interest. **See Item 10.**

***Risk of Crow Family Holdings Adverse Event on Our Operations.*** Although we are separate legal entities from Crow Family Holdings, in the event that Crow Family Holdings were to experience material financial distress, or if there were a change of control of Crow Family Holdings, we or the Funds could nonetheless be adversely affected. In that regard, financial distress or change of control of Crow Family Holdings or us could cause us to have difficulty retaining personnel or otherwise adversely affect the Funds and their ability to achieve their investment objectives.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE OR COMPREHENSIVE DESCRIPTION OF ALL OF THE MATERIAL RISKS AND CONFLICTS THAT ARE OR MAY BE ASSOCIATED WITH OUR INVESTMENT STRATEGIES OR APPLICABLE TO AN INVESTMENT IN THE FUNDS. PROSPECTIVE INVESTORS SHOULD READ THIS BROCHURE AND ALL OTHER APPLICABLE DISCLOSURE AND OFFERING MATERIALS REGARDING THE FUNDS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.**

## **ITEM 9: DISCIPLINARY INFORMATION**

Not applicable.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **MATERIAL RELATIONSHIPS WITH AFFILIATED AND OTHER PERSONS**

We are affiliated and share office space, service providers and certain employees or supervised persons, as applicable, with (i) Crow Family Holdings, a family office established to own and manage the wealth and direct the investments of, and provide various other services to, the Trammell Crow family and affiliated entities; (ii) Maple Capital Management, L.L.C., a private investment management firm and SEC-registered investment adviser (“MCM”); (iii) Crow Holdings Industrial, an industrial real estate company (“CHI”); (iv) Trammell Crow Residential, a multifamily real estate company (“TCR”); and (v) Crow Holdings Office, a firm that designs and builds office environments (“CHO”). In particular, we lease our office space from Crow Family Holdings. We have or may have material relationships or interactions or business dealings with one or more affiliates of Crow Family Holdings (including MCM, TCR, CHO and CHI). As noted herein, a majority of the ownership interests in each General Partner and Crow Holdings Capital is ultimately owned by Crow Family Holdings. Crow Family Holdings is currently a passive

equity owner and is not involved in the day-to-day management of the General Partners or Crow Holdings Capital. Nevertheless, as an owner, Crow Family Holdings has the authority to take certain actions with respect to us and the General Partners, including the authority to replace or remove their management teams. In addition, Crow Family Holdings (and affiliates thereof) are significant investors in the Funds. Nevertheless, we generally intend to keep our business activities and operations separate and independent from the business activities and operations of Crow Family Holdings and its subsidiaries (including CHI, MCM, CHO and TCR) and have established procedures and guidelines in an attempt to segregate our activities from the activities of Crow Family Holdings, TCR, CHI, MCM, CHO and various affiliates thereof. Although each Fund and the General Partners are separate legal entities from Crow Family Holdings, in the event that Crow Family Holdings were to experience material financial distress, or if there were a change in control of Crow Family Holdings, the Funds could nonetheless be adversely affected. Notwithstanding the foregoing, the activities of Crow Family Holdings, MCM, CHI, TCR, CHO, their respective affiliates and the Crow family (including the significant ownership interests in real estate assets managed or held by Crow Family Holdings or the ownership interest of Crow Family Holdings in various entities that may transact business with one or more of the Funds) may present actual or potential conflicts of interest, including, but not limited to, the conflicts discussed in this brochure.

As noted above, TCR, a multifamily real estate company, and CHI, an industrial real estate company, (and any other affiliated development or construction entities or any entity with a senior management team and strategy substantially similar thereto) are wholly-owned subsidiaries of Crow Family Holdings (as passive owner) and are affiliated with us. Similar to Crow Holdings Capital, a majority of the ownership interests in MCM is ultimately owned by Crow Family Holdings. Crow Holdings Capital's, MCM's, TCR's, CHO's and CHI's relationship to Crow Family Holdings (and each other) and their respective activities in the real estate industry may present potential or actual conflicts of interest from time to time (including development of directly competitive assets and competition for tenants or assets). Persons, properties and entities in which a Fund may have an ownership, financial or other interest may be in direct or indirect competition with properties, persons and entities in which other Funds, investors, CHC clients, Crow Family Holdings, TCR, CHI, MCM, advisory clients of MCM or any of their respective affiliates have an ownership, financial or other interest, and the other Funds, Crow Family Holdings, MCM, TCR, CHI and their respective affiliates may be subject to conflicts of interest with respect to the selling, leasing or financing of properties owned by a Fund or owned by entities in which such Fund has an ownership interest. However, our business activities and operations are conducted separately and independently from the business activities and operations of Crow Family Holdings, TCR, MCM, CHI and their affiliates. Although Crow Family Holdings, TCR, CHI, MCM and their respective affiliates and related entities are not involved in the day-to-day management or operation of Crow Holdings Capital, certain of our officers, employees, investment committee members and supervised persons serve as officers, directors, employees, investment committee members and/or supervised persons of (or otherwise provide services to) MCM, Crow Family Holdings and certain TCR and CHI entities. Accordingly, there may be conflicts of interest between such individuals' duties as officers or employees or agents of us and such individuals' duties as officers, directors, employees, investment committee members or agents of Crow Family Holdings, MCM and/or such TCR and CHI entities (or one or more other affiliated entities).

We expect that MCM will rely on us to maintain certain required books and records relating to dual supervised persons of both Crow Holdings Capital and MCM including, without limitation, personal trading records required by Rule 204-2(a)(13) under the Advisers Act. Certain of our supervised persons may be subject to the compliance policies and procedures of MCM when performing its regulated activities in addition to our policies and procedures.

The BTH Fund has entered into a pipeline access agreement with TCR, pursuant to which the BTH Fund has priority access to each development opportunity identified by TCR that meets certain requirements for as long as the BTH Fund has available capital. The BTH Fund also has entered into and expects in the future to enter into joint ventures with TCR and various TCR entities with respect to identified investment opportunities, pursuant to which TCR acts or will act as developer and will be entitled to receive development fees and general contractor fees (for projects where TCR serves as general contractor) or construction management fees and quality assurance fees (for projects where a third party general contractor is engaged) and, if certain hurdles and conditions are met, certain incentive-based compensation from the applicable joint venture entity. We face conflicts of interest in making decisions for the BTH Fund on assets proposed by TCR pursuant to the pipeline access agreement.

We may enter into, or cause one or more of our clients or affiliates to enter into, or otherwise engage in other business dealings, transactions, arrangements or interactions with or alongside, TCR, CHI, MCM, CHO, Crow Family Holdings and their respective affiliates (including TCR and CHI entities) from time to time and such business dealings, transactions or interactions may present actual and potential conflicts of interest. Certain of the investors in Funds managed, sponsored or advised by us are or may be clients of MCM or investors in funds managed by MCM.

We have entered into an agreement with Standish Management, LLC ("Standish") to provide accounting, administrative and various other services with respect to the Funds and investment vehicles related thereto (including REITs), and certain fees and expenses for such services are borne by the applicable Funds (as applicable). Standish leases office space and certain equipment from us and receives certain services from us which are available to our other employees. In addition to the Funds, Standish performs or provides certain services for or to Crow Family Holdings and us, and the cost of such services are borne by, and allocated between or among, Crow Family Holdings, us and the Funds, as applicable. Standish also provides accounting, administrative and other services to MCM and its affiliates. We may in the future engage or retain various other service providers or vendors to provide various administrative and other services to us in respect of clients (including services designed or intended to assist us in providing management, advisory and other services to a client). In connection with such services, a service provider or vendor may have access to or otherwise be in possession of non-public personal information regarding investors in the Funds and other confidential information.

The Funds or affiliates thereof may form or enter into joint ventures with third parties in certain instances to acquire investments. In order to offset increased costs associated with any such joint venture, affiliates of a General Partner may receive fees from such third parties where such affiliates function as the manager of any such joint venture. Moreover, if certain hurdles and conditions are met, a joint venture partner often will be entitled to receive incentive-based compensation or carried interests from or with respect to such joint venture.

We may from time to time engage, or cause companies in which a Fund or other vehicle makes investments to engage, service providers and joint venture partners in connection with the operations of such Fund or vehicle or its investments. A Fund's service providers (including introducers, brokers, attorneys, accountants and lenders) and joint venture partners may be service providers or joint venture partners to other Funds, successor funds, us and/or our affiliates. In addition, one or more of a Fund's service providers or joint venture partners may be investors in such Fund, other Funds or a successor Fund and/or sources of investment opportunities for one or more Funds. There also may be instances where investments provide services to one another. These factors may influence us in deciding whether or not to select any particular service provider or joint venture partner for a Fund or any investment. Notwithstanding the foregoing, investment transactions for each Fund that require the use of one or more service providers will generally be allocated to service providers on the basis of best execution.

## **RELATED SERVICE PROVIDERS**

Both Crow Holdings Capital and Crow Family Holdings provide various administrative and support services to one another and MCM and its affiliates, and certain of our employees, officers, supervised persons and affiliates provide (or may in the future provide) services to, or serve (or may in the future serve) in varying capacities with respect to, TCR, CHI, MCM, Crow Family Holdings, CHO or affiliates thereof. In particular, the Chief Executive Officer of Crow Family Holdings also is a vice president of Crow Holdings Capital and serves as a member of the Investment Committee of Crow Holdings Realty Partners IX, L.P. and its related investment vehicles, and is involved in our business and activities in such capacities. The Chief Executive Officer of Crow Family Holdings also serves as a vice president of MCM. The administrative and support services provided by Crow Family Holdings to us, TCR, MCM, CHO and CHI include, among other things, maintaining office facilities, furnishing the services of certain personnel on a part-time basis, and furnishing certain administrative services and office supplies. The administrative and support services provided by us to Crow Family Holdings, TCR, CHI, MCM, CHO and/or certain of their affiliates include, among other things, furnishing the services of certain personnel on a part-time basis.

We lease office space from Crow Family Holdings.

Notwithstanding the foregoing, all decisions, recommendations, consents and other determinations will be made exclusively by us or the applicable General Partner in accordance with the terms of the applicable governing documents of each Fund, and not by Crow Family Holdings, TCR, CHI, MCM, CHO or any of their affiliates.

#### **RECEIPT OF COMPENSATION AND OTHER BENEFITS**

Our interests and the interests of our personnel and affiliates may create potential conflicts in the selection or recommendation of investments for clients. We make determinations regarding which investments to make available or recommend to clients in a manner we believe to be consistent with our fiduciary duties and the investment processes summarized in **Item 8** (and in accordance with the applicable governing documents of each client). We, our affiliates or our clients and their investors may derive ancillary benefits from certain decisions or recommendations made or transactions entered into in respect of or with certain investments. We act as investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the fiduciary standards imposed upon us as a matter of law. We will face potential conflicts in making determinations as to whether clients should invest in investments with which we, investors and/or any of our or their respective affiliates have business, financial, personal or other relationships or affiliations.

#### **COMMODITY POOL OPERATOR, COMMODITY TRADING ADVISER, FUTURES COMMISSION MERCHANT REGISTRATION**

Neither we nor any of our management persons are registered, or have an application pending to register, with the Commodity Futures Trading Commission (“CFTC”) as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. The General Partners are exempt from registration as commodity pool operators and commodity trading advisors pursuant to the exemption set forth in CFTC Rule 4.13(a)(3) and/or one or more other applicable exemptions or exclusions from registration under the Commodity Exchange Act and/or in applicable CFTC rules and regulations.

## **OTHER ACTIVITIES AND AFFILIATIONS**

From time to time, certain of our employees and affiliates serve or act (and may in the future serve or act) as directors, board members, committee members and officers of, and/or provide advice or services to, certain entities through which the Funds hold investments and other companies, and such employees may be required to make decisions that consider the best interests of such entities and their shareholders. In certain situations, conflicts of interest could arise between such individual's duties as our officer or employee and his or her duties as a director or officer or board member of, or in any other capacity with respect to, such other company. Clients should be aware that the receipt of non-public information by our related persons regarding these companies could preclude us from effecting transactions on behalf of clients in certain securities of these companies or their affiliates. In addition, there may be conflicts between an entity owned by a Fund and an investment entity of a prior Fund or any other affiliated funds or accounts. For example, an investment entity of a Fund may be a competitor of one of another Fund's investment entities.

In addition, we or an affiliate have engaged or may from time to time engage third-parties or consultants to provide certain consulting, strategic advisory and other services with respect to us and/or our affiliates. In consideration of such services, we may provide office space, administrative support and other benefits to such persons.

## **AFFILIATED GENERAL PARTNERS**

Certain of our affiliates serve as special purpose general partners of the Funds. Each of Crow Holdings Realty Advisors VI, L.P., Crow Holdings Realty Advisors VII, L.P., Crow Holdings Realty Advisors VIII, L.P., Crow Holdings Realty Advisors IX, L.P., Crow Holdings Retail Advisors I, L.P., Daniel Island Investment Partners G.P., L.L.C., Fund VII Managers, L.L.C., Fund VIII Managers, L.L.C., Fund IX Managers, L.L.C., Crow Holdings Self-Storage Advisors, L.P., CH Multi-Family BTH Advisors, L.P., and Crow Holdings Retail Advisors II, L.P., serves as the sole general partner of one or more of the Funds. With respect to each of the Funds, we have been appointed, retained and engaged as sole investment manager to provide investment advisory, management, administrative and/or other services with respect to such Fund.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **CODE OF ETHICS**

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our supervised persons. Our code of ethics is designed to educate supervised persons about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to clients, encourage supervised persons to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address material conflicts of interest that arise from personal trading by access persons. Subject to the limitations of the code of ethics, access persons may buy and sell securities or other investments for their personal accounts, including investments in the Funds, and may take positions that are the same as, different from, or made at different times than, positions taken directly or indirectly for clients. We maintain a list of companies/issuers with respect to which a determination has been made that it is prudent to restrict personal trading activity by certain of our supervised persons (the “Restricted Trading List”). Our code of ethics prohibits access persons from trading in securities included on the Restricted Trading List without the prior approval of the Chief Compliance Officer. All access persons must also provide copies of, or otherwise direct their brokers or custodians to supply to our compliance team, (i) brokerage and/or custodial account statements (at least monthly or quarterly, at the same time they are sent to the access person) and (ii) duplicate copies of trade confirmations within 30 days after the applicable transaction. We also maintain certain policies and procedures designed to prevent supervised persons from misusing material non-public information and to address certain actual and potential conflicts of interest that may arise when supervised persons accept, provide, offer or give gifts or entertainment events. We have adopted a political contributions policy to facilitate compliance with rules regarding the political activities of registered investment advisers doing business with government entities (referred to as “pay to play” rules). We will furnish a copy of our code of ethics to clients and investors upon request.

MCM may coordinate with us regarding certain compliance-related matters applicable to our supervised persons who are also supervised persons of MCM.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS; OTHER CONFLICTS OF INTEREST**

We and our affiliates may expand the range of services currently provided over time. Except as otherwise provided in the applicable governing documents of the Funds, we and our affiliates generally are not restricted in the scope of our business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are disclosed in this brochure. We have, and will continue to have and develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with companies who may hold or may have held investments similar to those made or intended to be made by the Funds. These companies may themselves represent appropriate investment opportunities for the Funds or may compete with the Funds for investment opportunities. Properties and entities in which the Funds have or may have an ownership interest (directly or indirectly) may be in direct competition with properties and entities in which other Funds, Crow Family Holdings and its affiliates have an ownership interest, and Crow Family Holdings may be subject to conflicts of interest with respect to the selling, leasing or financing of properties owned by the Funds or owned by entities in which the Funds have ownership interests.

We and our affiliates (including the Funds) from time to time engage or may engage in transactions with prospective and actual investors and prospective and actual limited partners of other vehicles or accounts that entail business benefits to such

investors. Such transactions may be entered into prior to or coincident with an investor's admission to a Fund or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to the Funds, other vehicles or accounts and their respective issuers or portfolio companies.

Crow Family Holdings and its affiliates presently manage and/or have significant ownership interests in real estate assets or entities which may transact business with one or more of the Funds or entities or companies owned by the Funds. If a Fund were to transact any such business (directly or indirectly), certain conflicts of interest would be inherent in these situations. Any such investment will be negotiated at arms-length and on a basis that we believe will be fair and equitable.

Various other actual and potential conflicts of interest exist (or may exist) among us, the General Partners, their principals, employees and agents, Crow Family Holdings, TCR, CHI, MCM, CHO, the Crow family, each of their respective affiliates and one or more other clients and/or investors. If any matter arises that we determine in good faith constitutes or may constitute an actual material conflict of interest, we may take such actions as we determine in good faith may be, or which pursuant to the applicable governing documents of a Fund are, necessary or appropriate to ameliorate or otherwise address or mitigate the conflict, including, without limitation, consulting with the applicable advisory committee of a Fund with respect to such conflict and either obtaining a waiver from the advisory committee of such conflict or acting in a manner, or pursuant to standards or procedures, approved by the advisory committee with respect to such conflict (and upon taking such actions we and our affiliates will be relieved of any liability for such conflict of interest to the fullest extent permitted by law). There can be no assurance that we will resolve or be able to resolve or address any or all conflicts of interest in a manner that is favorable to the Funds.

#### **CROSS AND PRINCIPAL TRANSACTIONS**

To the extent permitted by applicable law, we, acting on behalf of our clients, may enter into transactions in properties, financial instruments and other assets with ourselves or our affiliates, and may cause clients to engage in principal and cross transactions. We may face conflicts of interest that could influence our decision to engage in such transactions for clients. Principal transactions may occur if we, on behalf of our applicable clients, engage in a transaction in securities or other financial instruments with ourselves or an affiliate acting as principal. We may earn compensation or receive benefits in connection with these transactions. Cross transactions may occur if we cause a client to buy securities or other investments from, or sell securities or other investments to, another client or the account of one of our affiliates. We may have conflicting loyalties and responsibilities to the parties in such transactions, and have developed policies and procedures in relation to such transactions and conflicts. We will review each of the foregoing transactions and take such steps as we deem necessary or appropriate to ensure that the terms of transactions are fair and reasonable, including, without limitation, seeking the approval of the client, the applicable investors (or a percentage in interest of the investors) or the advisory committee of a Fund with respect to such principal transaction. We will effect these transactions in accordance with fiduciary requirements and applicable law (which may include seeking the consent or approval of the advisory committee of a Fund).



## **VALUATIONS**

The fair value of all Fund investments generally is calculated by the applicable General Partner, together with one or more third party service providers or valuation agents, in good faith in accordance with guidelines consistent with U.S. generally accepted accounting principles and reviewed by each Fund's independent public accountants on an annual basis. Valuations are subject to determinations, judgments, projections and opinions and other third parties or investors may disagree with such valuations. Accordingly, the carrying value of an investment may not reflect the price at which such investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. Additionally, under certain limited circumstances set forth in the applicable governing documents of a Fund, distributions in kind of Investments for which public third-party valuations may not be readily available may be made. The valuation of such Investments will be determined by us or an affiliate in accordance with the applicable governing documents.

The valuation of investments may affect or impact our entitlement to carried interest and/or our ability to raise a successor fund or other vehicles or accounts. As a result, although such valuations will be determined in accordance with the valuation methodology set forth in the applicable governing documents of a Fund and our valuation policies and procedures, there may be circumstances where we are incentivized to determine valuations that may be higher than the actual fair value of a Fund's investments.

## **DIFFERENCES AMONG CLIENT ACCOUNTS; OTHER ACTIVITIES**

Our decisions and actions and recommendations may differ among clients. Advice given or recommendations made to, or investment or voting decisions or recommendations made for or on behalf of, one or more clients may compete with, affect, differ from, conflict with, or involve timing different from, advice or recommendations given or investment or other decisions made for or on behalf of other clients (including purchasing (or holding) properties, assets, securities or other investments on behalf of one client while selling such properties, assets, securities or investments on behalf of another client).

In the course of our activities, including activities of, and decisions made on behalf of, clients, we may acquire confidential information or otherwise become restricted in our investment activities. In such event, we may not be free to act upon such confidential information in the course of performing our duties for clients, and we may not be able to initiate a transaction for a client that we otherwise would have initiated, with the result being that we are unable to purchase or dispose of a position. Such restrictions would apply even if we were not involved in, and could not have benefitted from, the receipt of such information.

## **CO-INVESTMENT OPPORTUNITIES**

Subject to the terms and conditions of the applicable governing and offering documents of a Fund, we may, but are not required to, elect to offer any co-investment opportunity to one or more investors, including Crow Family Holdings or an affiliate or related person thereof, or affiliates of investors or one or more third parties, in each case, on such terms and conditions as determined by us, which such terms generally are expected to be more favorable than the terms set forth in the applicable governing documents of such Fund. Pursuant to the governing documents of certain Funds, any co-investment opportunity that we in our sole discretion elect to offer generally may be required to be offered to all investors in such Funds on a pro rata basis (as and to the extent applicable).

Notwithstanding the foregoing, we may in our sole and absolute discretion, and for reasons of administrative convenience, defer offering any such co-investment opportunity until after the closing of such co-investment opportunity, and may, in

connection with such closing, permit a Fund, Crow Family Holdings or an affiliate of us or the General Partner to acquire the entirety of such investment opportunity pending the offer of such co-investment opportunity. All major decisions with respect to any such co-investment, including from Crow Family Holdings, generally would be controlled by the applicable Fund.

In connection with such investments, we may determine to form one or more co-investment entities and offer participation in such co-investment entities to co-investors or may permit co-investors to participate directly in an investment. In determining to offer any co-investment opportunity in a specific investment, we generally will determine if the amount of an investment opportunity exceeds the amount we determine in our discretion would be appropriate for the applicable Fund(s), taking account of relevant circumstances (including, without limitation, the size of the investment opportunity, the Fund's available commitments, the probability of follow-on investments related to such investment and the construction of the applicable Fund's investments) before allocating any portion of such investment to one or more co-investors, unless we determine a particular co-investor may potentially add strategic value with respect to such investment or that offering such co-investment opportunity is otherwise in the best interest of the applicable Funds. In general: (a) no investor in a Fund has a right to participate in any co-investment opportunity; (b) decisions regarding whether and to whom to offer co-investment opportunities are made in our sole discretion or other participants in the applicable transactions, such as co-sponsors; (c) subject to the terms and conditions of the applicable governing documents, co-investment opportunities may be offered to some and not other investors, in our sole discretion; (d) certain persons other than investors (*e.g.*, third parties) may be offered co-investment opportunities, in our sole discretion; and (e) co-investors may purchase their interests in the underlying investment at the same time as the applicable Fund or may purchase their interests from the Fund after the Fund has consummated its investment in the investment (also known as a post-closing sell down or transfer).

#### **OTHER POTENTIAL CONFLICTS**

The legal and/or organizational or governing documents of a Fund, investment management agreements between us and each Fund and/or other agreements in respect of portfolio investments and assets establish complex arrangements among the parties, including between investors and the Funds. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to a situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to a Fund or its investors.

### **ITEM 12: BROKERAGE PRACTICES**

#### **BROKER SELECTION AND BEST EXECUTION**

We generally focus on making private investments in real estate and real estate related assets, which transactions typically are privately negotiated between us and sellers or buyers. Accordingly, the investment strategies we employ for the Funds do not generally involve securities transactions that require the use of a broker or other counterparty. However, we may from time to time cause a REIT subsidiary of a Fund to acquire (and ultimately dispose of) a small amount of publicly traded securities in order to generate "real estate" related income until such time as the actual real estate asset begins generating qualifying "real estate" income. We or an affiliate generally have or has the sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or counterparty, if any, to be used to effect transactions. In placing each transaction for a Fund or REIT subsidiary involving a broker or counterparty, we will seek "best execution" of

the transaction except to the extent we are permitted to pay higher brokerage commissions in exchange for brokerage and research services. “Best execution” means obtaining for a Fund the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account various factors or considerations deemed relevant or appropriate in our discretion. In determining whether a particular broker or counterparty is likely to provide best execution in a particular transaction, we take into account all factors and considerations that we deem relevant or appropriate in our discretion including, among others, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker, and the quality of service rendered by the broker in other transactions. To the extent consistent with achieving best execution, we may also consider other business a particular broker or counterparty has done with us or our affiliates, such as identifying investment opportunities, performing investment banking or banking services and providing services to our affiliates and personnel. We will at times “pay up” (pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker’s brokerage commission for brokerage and research services in accordance with the safe harbor set forth in Section 28(e) of the Securities Exchange Act of 1934, as amended. A broker providing such brokerage and research services will receive a commission in excess of the amount of commission another broker would have received for effecting that transaction provided we determine in our discretion that such commission was reasonable in relation to the value of the research and brokerage services provided by a broker. Any such research could be broadly useful and of value to us in rendering advice to all or a material portion of our clients, or could be relevant and useful for the management of one or only a few client accounts, regardless of whether such account or accounts paid commissions to the broker through which the research service was provided. We will only make securities transactions that we in good faith believe are in the best interest of a client. A conflict of interest exists when a broker provides such research services, however, as we will have an incentive to favor such broker over others that charge lower commissions.

We have adopted policies and procedures that we believe are reasonably designed to ensure that our clients achieve best execution and that brokers, counterparties and other service providers utilized have been selected based on our clients’ best interests.

#### **BROKERAGE FOR CLIENT REFERRALS**

From time to time we may speak at conferences and programs that are sponsored by one or more of our service providers or other third-parties for investors interested in investing in investment funds. These conferences and programs may provide opportunities for us to be introduced to potential Fund investors. Generally, these third-parties will not be compensated by us, the Funds, or potential investors or clients for providing such introductions. These third-parties may, however, provide services to us or the Funds, and such additional services provided by these third-parties, including the opportunity to attend events, may influence our decision to use (or continue to use) their services.

#### **ORDER AGGREGATION**

To the extent applicable, we may aggregate or “bunch” trade orders for multiple clients from time to time when it would be in the clients’ best interests to do so. Aggregated orders will be allocated among applicable clients on a fair and equitable basis under the circumstances, but generally *pro rata* per suitable client. Additionally, aggregated trades are subject to our best execution obligations.

## **ALLOCATION OF INVESTMENT OPPORTUNITIES**

We face actual and potential conflicts of interest in allocating investment opportunities among our various applicable clients and other persons (including conflicts as a result of differences in the financial or fee structure of clients that would potentially participate in any such opportunity). In general, our policy is to allocate investment opportunities among our various applicable clients and other persons in accordance with the terms and conditions set forth in the applicable governing and offering documents of the Funds and our internal policies, procedures and guidelines, to the extent applicable.

Subject to the terms, conditions and exceptions set forth in the applicable governing and offering documents, our “value-add” Funds generally have (during their respective investment periods) priority with respect to investment opportunities identified by us, the General Partners, any of their respective affiliates or Crow Family Holdings that are within the scope such Funds’ investment objectives, terms, conditions and exceptions, including specific carve-outs set forth in the applicable governing documents, and with respect to which we, the General Partners, any of their respective affiliates or Crow Family Holdings desire(s) to invest its or their own funds. With respect to any successor fund of a “value-add” Fund for which an initial closing of investors has been held prior to the expiration of the investment period of such “value-add” Fund, we may allocate to such successor fund, on a basis which we believe to be fair and equitable, a portion of any investment opportunity that meets the investment objectives of both such Fund and such successor fund. In the circumstances where a Fund, on the one hand, and one or more other Funds, any successor fund or any affiliate of Crow Family Holdings, on the other hand, jointly participate in an investment, unless consented to by the applicable “advisory committee” or “investor committee” with respect to such Fund, such parties will hold the same type of interest in the investment and invest and divest from such investment at the same time and on the same terms. We do not allocate investment opportunities based on anticipated compensation or profits to us, Crow Family Holdings or any affiliates or personnel thereof.

Subject to the foregoing and except as otherwise set forth or disclosed in the applicable governing, disclosure or offering documents of a Fund or agreement with a client, we generally are not required to accord exclusivity or priority to any client with respect to any particular investment opportunities. To the extent a particular investment opportunity (including any co-investment opportunity) may be appropriate or suitable for more than one applicable client and/or others (as determined by us in our discretion), such investment generally may be allocated, offered or otherwise made available only to one or more of such applicable client(s) and/or others or between or among such applicable clients and/or others in accordance with our general allocation principles and procedures, as applicable, which will be based on factors that we and our affiliates reasonably determine in good faith to be fair and reasonable including, without limitation, the terms and requirements set forth in the applicable governing or account documents, the relative amount of assets dedicated to such opportunity set or the amount of cash then available for investment in each client relative to other anticipated investment opportunities, the types of investments being offered and/or the investment objectives, guidelines and restrictions and risk profiles of each applicable client, with the result being that certain opportunities may not be allocated to certain clients or among such clients on a pro rata basis. We or an affiliate may engage in transactions or investments or cause or advise other clients or persons to engage in transactions or investments that may differ from or be identical to the transactions or investments engaged in by us or our affiliates for or the advice given by us with respect to another client.

## **TRADE ERRORS**

In the course of managing the Funds, we expect trade errors to occur from time to time. Although there is no standard definition of trade errors, they may include a number of situations, such as:

- Trade executions in the wrong direction (i.e., buy vs. sell);

- Purchasing securities or assets not legally permitted for a Fund, or not within a Fund's investment guidelines;
- Purchasing or selling the wrong securities or assets or the wrong amount of securities or assets for a Fund;
- Purchasing or selling securities or assets for the wrong Fund; or
- Allocating securities or assets to the wrong Fund.

A trade error, however, does not include errors that are corrected at the counterparty level or otherwise corrected prior to settlement.

If a Fund incurs costs as the result of a trade error, such Fund generally is required to bear such costs unless the trade error was caused by our gross negligence, willful misconduct or material violation of applicable laws or regulations (to the extent permitted by applicable law) (except as otherwise provided in the applicable governing documents of a Fund). Notwithstanding the foregoing, we may elect to bear the costs of any trade error in our sole discretion.

Trading activity is monitored for errors and any errors are reported to the Chief Compliance Officer for further review and recordkeeping.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **REVIEWS OF ACCOUNTS**

The applicable investment committee with respect to a Fund generally reviews and approves all investment and disposition decisions and financings of such Fund. Appropriate records, research and due diligence files are maintained with respect to each investment made by the Funds. Additionally, the applicable investment committee of a Fund provides ongoing oversight of Fund investments through weekly investment committee meetings and, at least annually, reviews each Fund investment, including applicable budget, forecast and projection.

With respect to accounting matters, we have engaged an independent public accounting firm to conduct an annual audit of each of the Funds.

### **FACTORS TRIGGERING ADDITIONAL REVIEWS**

In addition to periodic reviews, additional reviews may be undertaken in response to, among other things, changes in market or economic conditions, changes in investments, or changes in a Fund's investment objectives or policies.

### **REPORTS TO INVESTORS**

We provide investors in the Funds with quarterly unaudited financial statements (including a balance sheet, income statement and statement of partners' capital) and annual audited financial statements (including a balance sheet, income statement, and statement of partners' capital). After the close of each taxable year, we provide investors with tax information

for the preparation of their respective federal income tax returns. We provide or may provide other reports, statements and information to investors with respect to a Fund including, without limitation, as a result of provisions in side letters entered into between a General Partner and an investor in a Fund.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **THIRD-PARTY COMPENSATION**

Except as set forth in **Item 12** or otherwise disclosed herein or in the applicable offering or governing documents of a Fund, we currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

### **REFERRALS**

We have entered into and may enter into agreements or arrangements with third party placement agents who solicit and refer investors in one or more of the Funds to us. For their placement agent and other services, such persons receive or may receive various types of fees and compensation from us or our affiliates including, without limitation, (i) a percentage of the management fee and/or carried interest payable or allocable to us or our affiliates, (ii) a percentage of an investor's commitment, or (iii) a flat fee or retainer payment. Investors generally will not be charged any higher or additional fee as a result of such agreements or arrangements (except as otherwise set forth in the applicable offering or governing documents of a Fund). In every instance, all arrangements and payments of referral fees will be disclosed to applicable investors. The names of any placement agents engaged with respect to a Fund are set forth in Section 7.B of Schedule D of Part I of our Form ADV.

## **ITEM 15: CUSTODY**

We have, or are deemed to have, custody of each Fund's cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. To the extent required by Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities (other than "privately offered securities," as defined in Rule 206(4)-2 under the Advisers Act) are held with one or more qualified custodians selected by us or the General Partners. We may change custodians at any time and from time to time without the consent of, or notice to, investors. Independent public accounting firms have been engaged to conduct annual audits of the Funds, and audited financial statements (prepared in accordance with U.S. generally accepted accounting principles) generally are provided to investors on an annual basis. We attempt to provide such statements to investors within 120 days after the end of each fiscal year (or such earlier time period required in the applicable governing documents of a Fund or such later time permitted by applicable law), but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide statements directly to investors in the Funds.

## **ITEM 16: INVESTMENT DISCRETION**

### **DISCRETIONARY AUTHORITY**

We generally have discretionary power and authority over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf of each of the Funds, subject to any limitations set forth in the applicable offering and governing documents.

In addition, to the extent applicable, we generally have authority to determine the applicable counterparty (or other service providers or vendors) to be used for Fund transactions and the negotiation of commission rates and other consideration to be paid by the Funds.

### **LIMITED POWER OF ATTORNEY**

Each investor in the Funds generally grants the applicable General Partner and certain affiliates and agents thereof a limited power of attorney to enable the General Partner and such persons to execute the applicable partnership agreement and take certain actions with respect to the applicable Fund on its behalf.

## **ITEM 17: VOTING CLIENT SECURITIES**

Rule 206(4)-6 under the Advisers Act requires every registered investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that each adviser disclose to clients how they may obtain information on how the adviser voted their proxies in the past.

Each of the Funds invests indirectly in real estate and real estate related assets, and we generally do not provide investment advisory services with respect to publicly traded securities or any other securities that would require us or an affiliate to vote proxies on behalf of clients. As such, we currently do not exercise voting authority on behalf of clients. In the event that we or an affiliate (a) have proxy voting authority with respect to our clients and (b) are called upon to exercise such proxy voting authority, our policy generally will be to exercise reasonable care to ensure that proxies are voted in manner that we reasonably believe to be in the best interests of each applicable client (as determined in our sole discretion based upon various applicable factors or considerations), and we will adopt procedures reasonably designed to ensure compliance with such policy.

## **ITEM 18: FINANCIAL INFORMATION**

We do not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients, nor have we been the subject of any bankruptcy proceeding.

## **GENERAL INFORMATION**

### **PRIVACY POLICY**

We have adopted policies and procedures that we believe are reasonably designed to protect various records and information of investors and to detect, prevent and mitigate identity theft. Except as set forth in the applicable offering materials, our disclosures to investors and/or clients and as otherwise authorized by each investor or client, private information about investors and clients is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, administrators, attorneys, brokers, custodians, and transfer agents, and as otherwise disclosed and described in our privacy policy.